EXHIBIT 1

Q1 2009 Hormel Foods Corporation Earnings Conference Call

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CORPORATE PARTICIPANTS

Kevin Jones, Hormel Foods Corporation - Director of Investor Relations
Jeff Ettinger, Hormel Foods Corporation - Chairman of the Board, President, and Chief Executive Officer
Jody Feragen, Hormel Foods Corporation - Senior Vice President and Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Laura Farhamson, Stephens, Inc. - Analyst
Tim Ramey, D.A Davidson - Analyst
Jonathan Feeney, Janney Montgomery Scott - Analyst
Robert Moskow, Credit Suisse - Analyst
Christina McGlone, Deutsche Bank - Analyst
Mike Hamilton, RBC - Analyst
Ann Gurkin, Davenport & Company - Analyst
Chris Bloodson, Barclays - Analyst
Akshay Jabdel, KeyBanc - Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Hormel Foods first quarter earnings conference call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions. (Operator Instructions) I would now like to turn the conference over to Kevin Jones. Please go ahead, sir.

Kevin Jones, Hormel Foods Corporation - Director of Investor Relations

Good morning. Welcome to the Hormel Foods conference call for the first quarter of fiscal 2009. We released our results this morning before the market opened around 6:30 a.m. Central Time. If you did not receive a copy of the release, you can find it on our website at www.hormelfoods.com under the Investor Section. On our call today is Jeff Ettinger, Chairman of the Board, President and Chief Executive Officer; and Jody Feragen, Senior Vice President and Chief Financial Officer. Jeff will provide a review of the operating results for the quarter and an outlook for the new fiscal year, then Jody will provide detailed financial results for the quarter. The line will be open for questions following Jody's remarks. An audio replay of this call will be available beginning at 10:30 a.m. Central Time, today, February 19, 2009. The dial-in number is 800-405-2236 and the access code is 11125920. It will also be posted on our website and archived for one year.

Before we get started with the results of the quarter, I need to reference the Safe Harbor Statement. Some of the comments made today will be forward-looking and are made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed in, or implied by, the statements we will be making. Among the factors that may affect the operating results of the company are fluctuations in the costs and availability of raw materials and market conditions for finished products. Please refer to Pages 31 through 35 in the Company's annual report for the fiscal year ended October 26, 2008 for more details. It can be accessed on our website. Now I'll turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman of the Board, President, and Chief Executive Officer

Thanks, Kevin. Good morning. I think we did a decent job of holding our own in a turbulent economic environment during the first quarter. Overall sales grew 4% to $1.7 billion. Earnings were $0.60 per share, down from our record earnings of $0.64 per share a year ago. Four of our five business segments showed increased sales, but only one segment delivered increased operating profits.

I will now take you through each segment. Our grocery product segment reported a dollar sales increase of 6% and a segment profit increase of 9% for the first quarter. Sales of the Spam family of products, Dinty Moore stew and Hormel Chili were all up double-digits during the quarter. Our strong advertising and promotional efforts helped us maintain strong brand loyalty, giving us bigger shares of these product categories, which are benefiting from a strong value proposition. These sales increases more than made up for a decline in sales of our Hormel Compleats microwave meals during the quarter. We have taken steps to firm up sales of Compleats, which have suffered from an industry-wide consumer trend away from microwavable convenience products. These steps include enhanced marketing support, both on-air and in-store. Sales of our ethnic products also increased during the quarter, primarily driven by the restaging and increased support of our Chi Chi's salsas.

The Refrigerated Foods segment had a difficult first quarter, reporting a 5% increase in sales, but a 27% decrease in segment profit. Higher than expected hog costs, combined with lower than expected primal values, resulted in unusually weak cutout results. We have gone from relatively high packer margins last summer, to some of the worst packer margins we've seen in some time. Our Farmer John subsidiary was pressured by these same difficult circumstances during the quarter. We did achieve strong performance in our Meat Products group from the sale of value-added branded products. We registered double-digit sales increases of Hormel Cure 81 hams, Dilusso Deli Company products, Hormel Black Label bacon, and Hormel Natural Choice sliced meats, among others. Food service sales declined for the quarter, as the consumer trend toward eating more meals at home and decreased travel continues to impact the industry.

The Jennie-O Turkey Store operating segment reported a 5% increase in sales and a 16% decrease in segment profit during the quarter. As expected, Jennie-O had to deal with high grain input costs, as birds with higher price grain than current market prices, were brought to market. As was also expected, these costs were not fully recaptured due to weak commodity meat markets, stemming from an industry-wide oversupply of breast meat and whole birds. We continue to work aggressively to reduce

production at Jennie-O in order to minimize our exposure to these low commodity meat markets and to better align our meat supplies with our value-added business needs. Decreasing egg sets and poults placements elsewhere in the industry should also improve the balance between supply and demand. In the meantime, the team at Jennie-O continues to focus its attention on increasing sales of value-added products, with notable success being achieved during the quarter on Jennie-O Turkey Store Fresh Tray Pack turkey and turkey burgers and our Grand Champion deli turkey.

The Specialty Food segment reported decreased sales of 8%, down 11% excluding acquisitions, and a segment profit decrease of 16%. Within the segment, our Specialty Products group saw a reduction in contract packaging volume for microwave products and Century Foods suffered from decreased sales of nutritional and ready-to-drink beverages. Our Diamond Crystal brands group did generate a solid quarter, with increased sales of nutritional and liquid portion products. Our All Other segment, consisting primarily of our Hormel Foods International business, reported a 17% increase in sales, but a 9% decrease in segment profit. We did enjoy increased export sales of fresh pork and the Spam family of products. However, these were offset on the bottom line by the increased strength of the US dollar and weaker results by our joint ventures. Overall, we had predicted a down quarter, and indeed a down first half for fiscal 2009, and our results, thus far, are in keeping with our expectations. But based on this result and the continued vibrancy of demand for many of our branded value-added products, we believe we remain on track to achieve our guidance goal of $2.15 to $2.25 per share for the full fiscal year.

Needless to say, we recognize that we will continue to confront challenges to our business as a result of the economy. These include the prevailing oversupply of commodity turkey meats, today's unfavorable cutout values in pork, uncertainty regarding commodity grain prices later this year, evidence of some trading down within the retail space, and increased competitive pressures. But on the flip side, we have a number of strengths that we feel give us a competitive edge in this economy. These include our strong portfolio of leading brands, our balanced business model between packaged foods and value-added protein products, and a strong development program for innovation. And with regard to innovation, I am pleased to report that we remain on track to meet our goal of $2 billion in sales of new products by fiscal 2012. At this time, I will turn the call over to Jody Feragen to discuss the financial information relating to the first quarter of fiscal 2009.

Jody Feragen, Hormel Foods Corporation - Senior Vice President and Chief Financial Officer

Thank you, Jeff. Good morning, everyone. Earnings for the fiscal 2009 first quarter totaled $81.4 million, or $0.60 per share, compared to $88.2 million, or $0.64 per share a year ago. Dollar sales for the first quarter totaled $1.7 billion, compared to $1.6 billion last year, a 4% increase. Acquisitions added about $5 million to the top line in the first quarter. Volume for the first quarter was 1.2 billion pounds, down 1% from fiscal 2008. Acquisitions added 5 million pounds to the quarter. We processed 2.4 million hogs in the quarter, about even with last year. Selling, general and administrative expenses in the first quarter were 8.4% for sales this year compared with 8.9% last year.

As we stated in our earnings release, we have changed the classification of shipping and handling costs from the selling and delivery expense, to cost of products sold. Classification of the expense in cost of products sold better reflects the cost of producing and distributing our products. The 2008 first quarter results have been reclassified for comparability. We expect SG&A expenses to be approximately 9% of sales for the remainder of the year. Advertising expenses were 1.5% of sales for the quarter, compared to 1.7% last year. We expect full year advertising expenditures for fiscal 2009 to exceed fiscal 2008 as we continue media campaigns to support our brands.

Interest and investment income was a net gain of $2.4 million for the first quarter, compared to a loss of $4.9 million in fiscal 2008. That was due to higher returns on the rabbi trust investments and interest on higher cash balances. Interest expense for the quarter was $7.5 million compared to $6.7 million last year, primarily driven by higher borrowings on our short-term line of credit. We expect interest expense to be approximately $28 million to $30 million for the full fiscal 2009. Our effective tax rate in the first quarter was 34.7% versus 36.7% in fiscal 2008. This lower rate is attributable to the mark-to-market gains in the rabbi trust, which are not taxable. We expect the effective tax rate for fiscal 2009 to be about 36% to 37%.

The basic weighted average number of shares outstanding for the first quarter was 134 million. The diluted weighted average number of shares outstanding for the first quarter was 135 million. We repurchased 375,000 shares of common stock during the first quarter at an average price of $27.67. We have 1.9 million shares remaining to be purchased from the 10 million share authorization in place. We will continue to be strategic in repurchasing shares of our stock as a use of our free cash flow.

Depreciation and amortization for the quarter was $31million, compared to $33.1million last year. We expect full year depreciation and amortization to be about $130 million to $135 million. Total long-term debt at the end of the quarter was $350 million and we ended the quarter with $100 million outstanding on our short-term line of credit. Cash flow from operations improved over 2008 as we emphasize initiatives to reduce our working capital. Capital expenditures for the quarter totaled $25.5 million, compared to $31.9 million last year. For fiscal 2009, we expect capital expenditures to be about $140 million, mainly relating to the completion of our new production plant in Dubuque, Iowa. We continue to maintain our traditionally balance sheet. Our solid capital position not only gives us the flexibility to weather the tough economic times, but it also allows us the opportunity to make strategic investments to generate additional profitable growth for our company. At this time, I'll turn the call over to the operator for the question and answer portion of the call. Operator?

QUESTIONS AND ANSWERS

Answer – Operator: Thank you, ma'am. (OPERATOR INSTRUCTIONS) Our first question comes from the line of Laura Farhamson with Stephens. Please go ahead.

Analyst: Laura Farhamson, Stephens, Inc. - Analyst

Question – Laura Farhamson: Good morning.

Answer – Jeff Ettinger: Good morning, Laura.

Question – Laura Farhamson: Jeff, I'm trying to do a better job of understanding your Turkey division and the moving parts. It did quite well compared to the challenges it faces. Was there anything particular in the quarter that you could highlight in the Turkey division that allowed it to deliver pretty decent results in a tough environment?

Answer – Jeff Ettinger: I think the biggest impact probably related to the production cuts we put through last May. It allowed us to be positioned going into the quarter with minimizing the amount of surplus meat we would have in the face of what we knew were going to be tough meat markets. It also allowed us to realistically feed fewer turkeys less grain at a very expensive price and so we see that unit. Our expectation had been, by the second half of this year, to start looking at positive comps and they seem to be well on their way toward achieving that.

Question – Laura Farhamson: In terms of your grain hedges, traditionally Hormel hedges its grain in the fall. Are you continuing your current grain hedging policies, or have you changed them at all in the face of current volatility?

Answer – Jeff Ettinger: Really for the last two years, we've maintained a policy that we're willing to take positions in the range of, say, 25% to 75% coverage on the primary feed ingredients of corn and soy meal. They are not necessarily put on anymore at one particular time and at any given time, we look out a time horizon of up to 18 to 24 months. But it varies as to just how much hedged we are in any given period within that 24-month timeframe.

Question – Laura Farhamson: Okay, and when you look at the current economy as it stands, is economic weakness favorable to you because you have some recession-resistant products such as Spam or chili, or are tough economic times a challenge because of the food service? If you had to weigh the two, which would you say is more a factor for Hormel?

Answer – Jeff Ettinger: Well, despite the national economic brain trust declaring that the recession started retroactively in the fall of 2007, we really didn't start seeing it in our businesses until the fall of 2008 so we're pretty early on still in measuring these effects. At this point, I really would have to tell you it's mix. We certainly have seen a downturn in demand in some of our food service-related businesses. We've suffered some in the microwavable areas, both in shelf stable products and in refrigerated, as people seem to be moving more towards the canned alternative in those areas. And I think it hit our specialty business this quarter as they have some of their contract business proved to be susceptible to the economy. But as you pointed out on the plus side, we have very solid franchises in many of our traditional products, and overall, we seem to be more than holding our own in this environment.

Question – Laura Farhamson: Okay, thank you very much.

Answer – Operator: Thank you. Our next question comes from the line of Ella Bucheger with D.A. Davidson. Please go ahead.

Analyst: Tim Ramey, D.A Davidson - Analyst

Question – Tim Ramey: Hi. It's actually Tim Ramey conferencing in here, too. Good morning.

Answer – Jeff Ettinger: Good morning, Tim.

Question – Tim Ramey: So Jody, you ended the quarter with quite a good pile of cash and great cash generation during the quarter.

Answer – Jody Feragen: Thank you.

Question – Tim Ramey: A, I'm wondering why there was anything on the line of credit out. B, can you remind us what the terms are on that $350 million note and whether it would make sense to prepay any of that or--where you stand--

Answer – Jody Feragen: We continue to evaluate what our capital position is and the $350 million note has (inaudible) penalties to it and I haven't been able to justify that additional cost on it. And additionally, we like to keep some dry powder available for opportunities that may present themselves. I think we're in an enviable position in the marketplace with very clean balance sheet and the opportunity to look for acquisitions that can drive profitable growth.

Question – Tim Ramey: Okay, and, Jeff, would you give us a little bit more color on the difficult packer margins and how you see that--a snapshot of where we're at now and how it might progress over the next few months, if you care to?

Answer – Jeff Ettinger: Well, I'll give it a shot. It's hard to tell, Tim. I mean we went through the first part of the quarter in pretty normal conditions and then it really reared its head late in the quarter and is still -- we're still upside down right now in terms of the value of the meat versus what we're paying for hogs is negative. And historically, these time periods don't last particularly long. I mean, they shouldn't over time, but it's really hard to tell right now what's driving it and when exactly we should expect it to reverse.

Answer – Jody Feragen: We still do expect to see a reduction in the supply of hogs in fiscal 2009, probably late spring, early summer to hit and really, like Jeff indicated, it's hard to tell, it shouldn't be upside down, but it currently is.

Question – Tim Ramey: And then just on the dry grocery side, great performance there, but we've been hearing a lot down at CAGNY and other venues that there's been some inventory deloading and destocking. Doesn't seem like it based on the sell-through that you had. Did you note any inventory issues either at the consumer level or the grocery level?

Answer – Jeff Ettinger: Tim, I really didn't. I mean, to me, maybe we went through that earlier than other companies. There was a time two, three years ago where we saw pretty big disconnect between our shipments and what was still selling through on Nielsen on a scan basis. Maybe we're just in the type category that people decided earlier they weren't going to maintain large inventories but we really did not see any effect of that this quarter.

Question – Tim Ramey: Okay. Congrats.

Answer – Operator: Thank you. Our next question comes from the line of Jonathan Feeney with Janney Montgomery Scott. Please go ahead.

Analyst: Jonathan Feeney, Janney Montgomery Scott - Analyst

Question – Jonathan Feeney: Good morning, thank you.

Answer – Jody Feragen: Good morning.

Question – Jonathan Feeney: Just two quick ones. The first, Jeff, following up on our earlier question about the trading down, it strikes me that the portion of your business that carries the highest margins are products that are really good value ways to eat in that grocery products business and would benefit a lot from people eating more meals at home and even within that, finding more reasonable ways to stretch a dollar for a family meal and the part of your business that's more vulnerable to just the general sort of economic malaise, which would be refrigerated foods and food service and all that goes with that carries at lower margin. Have you done any sort of consumer work that would verify or deny that thought?

Answer – Jeff Ettinger: Well, John, I think the numbers of the quarter certainly would lend some support to what you're saying. I mean if you look at the grocery division, you've got 6% increase in sales, 9% increase in profits with a big downturn in microwave. So obviously but for that, the numbers would have been even stronger, so it's clearly momentum in that area and refrigerated did experience some issues with food service and with some of the other items. It's not--so far, though, it's not a neat--expensive items are down and less costly items are up matrix and we have items that run counter to that and it kind of depends on what purpose they serve in the portfolio, what people are buying them for, and if they still believe that they are a good value for that proposition then even a higher priced item can hold its own.

Question – Jonathan Feeney: So within the meat segment, you're actually not seeing the sort of bottom end, if you will, like a less expensive parts outperform, it's kind of all over the board, right, because you get good performance in these Cure 81 and stuff?

Answer – Jeff Ettinger: Yes, you could make an argument that the migration to such franchises as ham or raw bacon would indicate a move toward value, because those are pretty good value per pound type of items but we're always the branded, more premium player within those segments and so we're not seeing the tradedown within. With the exception--I know private label's been a big theme and at the CAGNY Conference, and I think that we would reiterate what some of your other speakers have said, which is we're getting more and more to a world of leading brands and private labels and the folks in the middle are the ones seeing share loss, but we have pretty much in most of our categories, I think 34 items, number one, number two brands, so we pretty much have those leading share positions in the niche categories that we're competing in.

Question – Jonathan Feeney: Great, and then the second one, Jody, there's been a couple of--in a tumultuous year, there's been a couple of consistent things. Everything I've been thinking about the hog market has been wrong and everything you've been saying about the hog market has been right.

Answer – Jody Feragen: Well, thank you.

Question – Jonathan Feeney: What, what do you currently thinking about as far as hog prices for the next quarter or two and what are you seeing on that cost side going forward?

Answer – Jody Feragen: Well, I really appreciate you giving me these kudos because I am no longer am forecasting the hog market. I think generally, you're going to see with a reduction in the numbers, that the prices obviously should increase. I don't think you're going to see substantial increases over what--where we were for a full year in 2008 and then obviously on the cutout side, it's going to depend a lot on what happens with exports and consumer demand within the industry.

Question – Jonathan Feeney: Okay. Thank you.

Answer – Operator: Thank you. Our next question comes from the line of Robert Moskow, Credit Suisse. Please go ahead.

Analyst: Robert Moskow, Credit Suisse - Analyst

Question – Robert Moskow: Hi, thanks.

Answer – Jeff Ettinger: Good morning, Robert.

Question – Robert Moskow: I don't know if--did you break out the price and the volume on the grocery products division?

Answer – Jeff Ettinger: Yes, overall, volume was up 2% and prices--well, net sales were up 6%. There are mix issues in there also, not just pricing.

Answer – Jody Feragen: Obviously, with the decline in the Compleats, that has a big impact on it.

Question – Robert Moskow: Okay, and that's just grocery?

Answer – Jeff Ettinger: Yes.

Question – Robert Moskow: How do you think your pricing in grocery is going to track through the year? I mean are you--are we going to see some price deflation in that group, or are you done taking pricing and how should we forecast it?

Answer – Jeff Ettinger: In general, Robert, I mean we've been in a catch-up mode on pricing. You look at the meat-based items. Many of our meat competitors, obviously, are suffering from it big time and we have certain subsegments of our business where we see that, where it's been very difficult to get full pricing to cover down that kind of increase in raw material costs. Now, that being said, most of the branded item pricing has kind of worked its way through the system. There's currently right now being executed in the marketplace, a price increase on Hormel Chili that frankly, we worked in partnership with the retailers. We ended up delaying it, in essence, because we had so many significant programs out in the marketplace for the chili season. It would have been appropriate, give the runup in can costs and the runup in beef costs, to take it last fall, but we decided to go ahead and just do it this spring instead. So that's the last branded franchising being executed on that basis.

Question – Robert Moskow: Okay. So if your pricing is, say positive 2 or positive 3, I can't remember what we're lapping from a year ago. Do we think you're going to be pretty consistent in how it plays through, throughout the year, like in the 2 to 3 range?

Answer – Jeff Ettinger: Yes, I--in terms of what the net sale increase will be over volume increase?

Question – Robert Moskow: Yes. Well, do you think that the way you report pricing will be up, you know, pretty consistently 2 to 3 over a year ago?

Answer – Jeff Ettinger: I don't have the math--I'm pretty sure that you're going to see in most of the segments that the net sales figure will be up more than the volume figure. But I just want to be careful. If you're referencing how we're doing on pricing versus costs, we haven't caught up on it and I kind of doubt we will on a full basis, but we're close and we're certainly at a more comfortable rate than we were a year ago at this time.

Question – Robert Moskow: Okay, and then another forecasting thing, I was tracking pork cutouts in November and December and they actually look just fine. It wasn't until January that those margins went negative. Is that what you were seeing also and are we very negative right now?

Answer – Jody Feragen: We are very negative right now. We -- I think we had a couple days where it finally turned and went into a positive territory. But it's back negative and yes, that's what we did. January was a month like we have --the industry hasn't seen in well over a decade.

Question – Robert Moskow: Okay.

Answer – Jody Feragen: And that really did impact our refrigerated foods business.

Question – Robert Moskow: Okay. All right. Thank you very much.

Answer – Operator: Thank you. Our next question comes from the line of Christina McGlone with Deutsche Bank. Please go ahead.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Good morning.

Answer – Jeff Ettinger: Good morning.

Question – Christina McGlone: I just wanted to say the results were very good and I was curious if they were in line with--even though you had forecasted down first quarter, down first half, they were still stronger than we expected and I was wondering if they were in-line or perhaps a bit better than you expected for the quarter.

Answer – Jeff Ettinger: Well, our segment results were, when all said and done, slightly better than we expected. And then we did see some benefits on the tax rate and the rabbi trust comparison and so forth that made the earnings per share number even a little bit higher.

Question – Christina McGlone: Okay, and then just going back to Jennie-O, the results were very strong and I know that you had some corn hedges on, do they roll off now? Do we see them--I guess, how do we think about this business going to the second quarter? Because the industry's been very aggressive in egg set and poult placement reductions and it looks like you're reducing your commodity meat on the market and then at the same time, if you rolled through higher cost corn hedges, should we look at this margin as sustainable for the rest of the fiscal year?

Answer – Jeff Ettinger: Well, I wouldn't--I would urge you not to look at a particular margin rate versus sales as being sustainable in any year with Jennie-O just because it's a pretty season business in terms of the returns. The first and fourth quarters are high and the second and third quarters are low. Now, if you look year-over-year to same quarters, I do think you'll--we could be in a position to see an improvement in the second quarter. Our outlook had been more like the third quarter, the fourth quarter. There's still a lot of meat on the market. The breast meat price is depressed versus where it was a year ago and hasn't shown a lot of signs of movement yet. The cold storage stocks are mounting, but we have done a nice job of tightening our sales up and making--reducing the ratio of surplus meat that we would have internally and having it match better to our value-added needs and so that helped the team in the first quarter, should help, continue to help them in the second quarter.

Question – Christina McGlone: And do the corn hedges, are they rolling off, or are they still there?

Answer – Jeff Ettinger: Well, they just do naturally roll off, the one you put in place for a certain time frame. But I answered earlier, that given that we have a general philosophy of a 25 to 75% range, and given that we could be out at any time as much as 18 to 24 months, it's not like all hedges are just going to go off and be replaced with no hedge. So, they will just be new price positions that are part of our hedge equation and we true up that math in the Q filing each quarter. So you can kind of see where that ended up.

Answer – Jody Feragen: We basically put hedges on to cover grain as the turkeys consume it and they consume it 12 months out of the year. So there's not like an end point to something.

Question – Christina McGlone: Okay, and then my last question, in terms of going back to the packer margins, if the industry is negative now and the supply of hogs is just going to get tighter, Jody, as you said, as we get into the spring and the summer, how would you say the industry will respond to that? Do you expect slaughter to be cut back? Historically, how is the industry responded when they are facing a tighter hog supply?

Answer – Jody Feragen: I don't know that I have that many years to go back to when we were upside down back in 1996. But I would think that you look at the opportunity to reduce your production numbers and we've certainly--while we harvested the same number of heads last year, certainly look for opportunities, particularly in January, where we could reduce the numbers that we had going through so some discretion by production packers might be in order to get things turned around.

Answer – Jeff Ettinger: Yes, we have most of our hogs on contract and certainly, we honor the contracts in terms of what we're supposed to take delivery for. But in this--as things turned around here, if there were free markets hogs that normally we would be bidding on, we're not looking to take them in and cut red on them.

Question – Christina McGlone: Okay, thank you.

Answer – Operator: Thank you. Our next question comes from the line of Mike Hamilton with RBC. Please go ahead.

Analyst: Mike Hamilton, RBC - Analyst

Question – Mike Hamilton: Thanks, good morning, everyone.

Answer – Jeff Ettinger: Hi, Mike.

Answer – Jody Feragen: Good morning.

Question – Mike Hamilton: First one for Jody, I was wondering if you could quantify a gain off of the rabbi trust in the quarter.

Answer – Jody Feragen: Well, last year we actually--it was a minimal gain for the first quarter, somewhere a little over $1.5 million, but it was a bigger loss last year, so it's a year-over-year change. Last year, I think it was a $6 million loss.

Question – Mike Hamilton: Is a piece of the trust in Hormel shares?

Answer – Jody Feragen: No, no.

Question – Mike Hamilton: Okay.

Answer – Jody Feragen: It is all market investments and obviously because of the performance of the equity markets, it's kind of--and I have not rebalanced, it's kind of skewed itself to fixed income so we tend to have a little better than market favorable results right now, but if anybody can tell me what the market's going to do the next three months, I would welcome that. I was going to applaud you. Your portfolio's doing better than mine. Not my personal one!

Question – Mike Hamilton: Jeff, could you take a couple minutes and give your views, knowing there's a huge volatility on international outlook, how you see things playing out and impact into the Hormel business model?

Answer – Jeff Ettinger: In terms of export?

Question – Mike Hamilton: Exactly and the full international model given, you know, what we're seeing in emerging market pressure and the unknowns on the demand side.

Answer – Jeff Ettinger: Well, I mean we're expecting, frankly, a little bit of a downturn in export volume on pork. Our expectation would be the 10% to 15% range. Others have other opinions. We'll all just see, I guess, but that would be a 10% to 15% decline off of a very large number, obviously. The numbers mounted over the years. When all is said and done, our pork exports are pretty niched and pretty limited. They are a valuable part of our portfolio, but it's not a big volume area. We obviously have in-country presence in markets like China and there we have seen a reduction in the--there's more pigs and so there's been a reduction in the cost of that raw material and so that's favorable. On the turkey side, dark meat is holding in there for now. You know, we worried about political risks with kind of sporadic delistings of plants from Russia and others, but, overall right now we're--the meat's moving and there seems to be good, solid demand for it, but it's certainly something we're keeping our eye on. Overall, effects of our business, it's not as much of a direct effect, but clearly if it made markets back up and meat back up, then we would feel that even in our domestic business.

Question – Mike Hamilton: Then, on the specialty side, where you mentioned some economic pressures contract-wise, is your feeling that you're taking some market share issues, or is it mainly showing up in pricing?

Answer – Jeff Ettinger: The areas where we really got hit in specialty is where we do more contract manufacturing for others. The downside to that is you're kind of at the mercy of however their franchise is doing. Those will just have to correct themselves over time. In addition to that, we did lose a customer or two in those areas. In that case, the team has been aggressive about trying to find replacement business and has some -- in one case, already landed some and in others, some pretty favorable things looking to be able to utilize those facilities on a capacity basis. So they may well see another quarter that's a down quarter, but I don't know that it will be down as as far as this first quarter turned out to be.

Question – Mike Hamilton: Thanks, Jeff.

Answer – Operator: Thank you. Our next question comes from the line of Ann Gurkin with Davenport & Company. Please go ahead.

Analyst: Ann Gurkin, Davenport & Company - Analyst

Question – Ann Gurkin: Good morning.

Answer – Jody Feragen: Good morning.

Question – Ann Gurkin: We've heard lots of discussion at CAGNY about cost cutting and companies looking at reducing costs further and it's just a program that Hormel has been working on as well?

Answer – Jody Feragen: Well, if I had a lot of excess costs to cut, I'll certainly look to do that. But we really have run ourselves as a very lean company, not to say that we don't judiciously look at every job that needs to be replaced in this economic environment. We've asked our business units, as well as our corporate staff, to really scrutinize expenditures. But that's been kind of the normal day-to-day thing that we do at Hormel.

Question – Ann Gurkin: Great, that's great. Secondly, may I get an update on China and your commitment to that market?

Answer – Jeff Ettinger: Well, we've been in the market now for 11 years. We have a, we think, a strong niche position there. Our brand has a great reputation. It's more of a high-end brand in that market. Obviously we're hearing about some downturn in that economy, but for now, a downturn means high single-digit growth instead of double-digit growth and our volumes and sales in

China were up during the first quarter we're still very committed to that market and over time, we want to find the right way to continue to grow with our customers over there.

Question – Ann Gurkin: That's great. Thank you very much.

Answer – Jeff Ettinger: Thanks.

Answer – Operator: Thank you. Our next question comes from the line of Chris Bloodson with Barclays. Please go ahead.

Analyst: Chris Bloodson, Barclays - Analyst

Question – Chris Bloodson: Good morning.

Answer – Jeff Ettinger: Hi, Chris.

Answer – Jody Feragen: Good morning.

Question – Chris Bloodson: Just curious, I've had a difficult time trying to quantify elasticity historically in recessionary periods. So I'm just curious if your own work has suggested across the protein complex any certain magnitude of elasticity that we can think about just as kind of a framework for the more of a macro perspective, rather than anything specific to Hormel.

Answer – Jeff Ettinger: I have to say we don't have a lot of work in that regard and just even this current case study example we're in now, I wouldn't have necessarily guessed all of the franchise reactions that we've seen. I think it just depends on how the consumer sees the value proposition of the items, what the competitors do at the same time, what retailers added towards the items. I probably can't help you a lot in terms of something that would be--you would be able to sink your teeth into in terms of modeling.

Question – Chris Bloodson: And it's a global marketplace today, so obviously the impact that exports or imports have on any one protein is important as well. And just even anecdotely then, perhaps among your own restaurant customer base, are you seeing any change in future activity, for instance, favoring poultry over red meat items or any change of behavior among your restaurant customers?

Answer – Jeff Ettinger: Well, we're certainly traffic changes. The ones that are in that casual dining or higher end areas are suffering more. The fast food side clearly is hanging in there. We don't have a heck of a lot of fast food exposure on the Hormel side, although that was one of the reasons Diamond Crystal hung in there during the quarter, even though they are a big food service business, they have a lot of their business going to the pizza chains and the fast food chains and so those are doing well. In terms of particular items, I mean chain by chain, I'm sure they are looking for opportunities to hit a certain ticket point to drive traffic into their stores, but that's what they need. They need head count in there and it's a mixed bag as to who is able to achieve that right now.

Question – Chris Bloodson: Okay, and then in your own sort of mix of skews at the retail level in grocery, you are thinking about sort of altering your mix a bit to favor more chicken items to drive value to the consumer that way?

Answer – Jeff Ettinger: No, I don't know that it's protein-based. I mean we really--to me, that's one of the underlying stories of success for us right now, that we're very pleased in this environment. If you look at grocery, and you measure in terms of volume and dollars, we had volume and dollar increases on chili, Spam, Dinty Moore hash, Chi Chi salsa, Herdez salsa--so pretty across the board. The only down items really were Compleats and Bacon Bits and then our chunk meat franchise was kind of mixed with Valley Fresh being up and Hormel down. Overall, we think we have the right items that people are looking for right now. We're doing a good job of promoting and storing and partnering with our retailers.

Question – Chris Bloodson: Okay. My last question is on Compleats. Since you've seen what was a frozen entree player encroach a bit into the shelf stable category, is there--do you also see an opportunity to kind of do the reverse and make a name for Compleats within the frozen entree space? Do you think that would--do you think that would test well with consumers?

Answer – Jeff Ettinger: Chris, I mean you never say never, but I would say it's highly unlikely. We did have a foray into the frozen world in past years with what we had our quick meal sandwiches and our Mrs. Patterson's pies. It's a very competitive area. Our experience was you have to have some significant scale to be a player in that area and we just didn't have it. And so when you think about that you would have to turn your whole supply chain, your trucks, everything else to run a certain way and you don't have that kind of branded presence, it's unlikely to me that we would make that kind of a move with Compleats. We think there's all sorts of room on the dry grocery shelf over time to offer multiple items and between that and refrigerated is where we're focusing our meals efforts.

Question – Chris Bloodson: Makes sense. Thank you.

Answer – Operator: Thank you. Our next question comes from the line of Akshay Jabdel with KeyBanc. Please go ahead.

Analyst: Akshay Jabdel, KeyBanc - Analyst

Question – Akshay Jabdel: Good morning.

Answer – Jeff Ettinger: Hi, Akshay.

Question – Akshay Jabdel: Just wanted to get back to a question Christina asked, I believe. You had talked about your internal expectations and the segment profits overall being a little bit better and I wanted to take that back to the last conference call when we talked a little bit about refrigerated foods and I believe, if I remember correctly, it said for the full year you were expecting refrigerated foods EBIT to be flat or maybe slightly up and this quarter it was down about 27%. So if you look at the overall, the comment you made was segment profits were better, but if you take it segment by segment, is it fair to say that the refrigerated foods was a lot worse than you expected and Jennie-O Turkey was better and also grocery products was a lot better? I mean I'm just trying to get a sense of--you beat by whatever $0.09 and you haven't increased guidance and it seems like you're being very

conservative basically what's going on in refrigerated. Just trying to get some perspective on that for the full year.

Answer – Jeff Ettinger: Okay, Akshay. Yeah, I mean I was with you for most of it. I would agree with you that refrigerated dated did worse than we had thought and Jennie-O did better than we thought. Grocery was kind of about where we thought it would be. So I mean that's kind of the--those are the big picture color items in terms of segment profit delivery. I guess what I was trying to allude to earlier in terms of the $0.09, we can see on our end there's an element of below the line benefit we had with the rabbi trust year-over-year performance with the tax rate change. Those things were favorable to us and added to earnings per share. Those come and go. I mean last year, we ended up having a down year on earnings per share, but our segment profit results were up 6%. You know, if you report GAAP and you live with your earnings per share number and this quarter our earnings per share reflected higher because of some of the below the line items. That's part of why we're sticking with our guidance, is we don't have an expectation of those same kind of below line gains quarter after quarter going forward.

Answer – Jody Feragen: And Akshay, certainly we did not expect to see the pork packer margins turn like they did in January for us. So that really was what led to the surprise on the refrigerated foods side.

Question – Akshay Jabdel: Okay, and just one follow-up. You know, just overall, if you look at your company, there's always a debate whether to--you guys are the packaged food company or protein company. So, if I look at you from a packaged food perspective, and I look at your quarter, your results at the EBIT level were still better than what the market was expecting, but, if I saw these same numbers for the packaged food company, certainly everyone would be questioning the SG&A. So can you put some color around, you know, the flexibility you have in SG&A and how much of that really is related to future growth and if that was effected because certainly we don't want to see a drop in investments towards your brand. So if you could comment on that, that would be great.

Answer – Jeff Ettinger: The advertising ratio as a percentage of sales did go down a little bit. But our expectation for the last year advertising was higher than year before. That's two years in a row. Our expectation for this year is that we will support our brands at a higher level overall. Sometimes the flow from quarter to quarter can vary a little bit. Otherwise, I mean I think when you are looking at us modeling wise and looking at ratios, you have to--we have to concede that we have a balanced entity and that there are elements of our business that don't have the margin returns that General Mills has, for example. But that being said, I would say because of our balanced business-month-old, you look at our track record, that we behave more like a packaged food company. We've had 24 up years out of the last 27. We're very branded oriented, very value-added oriented. That's certainly how we look at ourselves.

Answer – Jody Feragen: And the last time I did a comparison of our SG&A to our peer group, which includes protein as well as packaged companies, we certainly weren't as low as the protein players, but we were nowhere near the percentage of sales in SG&A that some of the packaged food companies were so I'm a little surprised by that comment.

Question – Akshay Jabdel: Yeah, I mean I--the absolute numbers are fine. I'm just looking at the change and the deviation relative to what the industry was expecting and if you saw that kind of deviation for packaged food companies suddenly people would be talking about quality for the quarter, but, no, I mean I'm just trying to get a sense of what's--how much flexibility you have relative to a packaged food company in moving that SG&A number but the comments were helpful. Thank you.

Answer – Jeff Ettinger: Thank you.

Answer – Operator: (Operator Instructions) And at this there are no questions in the queue.

Answer – Jeff Ettinger: Thank you all for joining us today. For those at CAGNY, I hope safe travel home and I'll be available for questions after the call. Thank you.

Answer – Operator: Thank you. Ladies and gentlemen, this concludes the Hormel Foods first quarter earnings conference call. You may now disconnect. Thank you for using ACT conferencing.

EXHIBIT 2

Hormel Foods

2009 ANNUAL REPORT

A TRADITION OF SUCCESS

SINCE 1891

SINCE 1891, Hormel Foods

has continued to create a *Tradition of Success* by maintaining *brand loyalty* for our traditional products while developing new *flavorful foods,* including *healthier options,* to meet our consumers' changing needs. We drive long-term growth for our shareholders by remaining relevant to *generations* of consumers and loyal to our hardworking employees.

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FINANCIAL HIGHLIGHTS

(in thousands, except per share amounts)	2009	2008	Change	% Change
Net Sales	$6,533,671	$6,754,903	$(221,232)	(3.3%)
Net Earnings	342,813	285,500	57,313	20.1%
Percent of Sales	5.25%	4.23%		
Earnings Per Share				
Basic	$ 2.55	$ 2.11	$ 0.44	20.9%
Diluted	2.53	2.08	0.45	21.6%
Dividends Declared to Shareholders	102,016	99,732	2,284	2.3%
Per Share of Common Stock	0.76	0.74	0.02	2.7%
Average Common Shares Outstanding				
Basic	134,227	135,360	(1,133)	(0.8%)
Diluted	135,489	137,128	(1,639)	(1.2%)
Capital Expenditures	$ 96,961	$ 125,890	$ (28,929)	(23.0%)
Depreciation and Amortization	127,138	126,189	949	0.8%
Working Capital	889,704	656,945	232,759	35.4%
Shareholders' Investment	2,123,452	2,007,572	115,880	5.8%

43RD

43rd consecutive year
of dividend increases

500

added to S&P 500 in
March 2009

10 YEARS

named to **Fortune 500**
Best Big Companies
10 years in a row

$100 MILLION

over $100 million paid in
dividends and $38 million
in share repurchases

22%

Diluted **Earnings**
Per Share
up 22%

34

34
No. 1
or
No. 2
brands

Hormel Ex. 2-03

DEAR FELLOW SHAREHOLDERS:

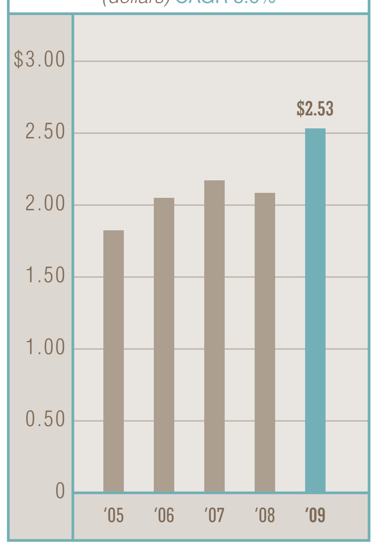
In the face of very challenging times for the global economy, I am proud our team was able to post strong, double-digit earnings growth in fiscal 2009. In addition to our good financial results, we received several awards in recognition of our stature in the industry. On March 3, 2009, our stock was added to the Standard & Poor's 500 Index, a distinguished list of America's leading companies. We were named one of the 100 Best Corporate Citizens by *Corporate Responsibility Officer* magazine. We were also recognized as the Most Innovative Company at the 2009 American Business Awards. All of these awards are testament to the hard work and dedication of our talented employees.

The effects of the recession did impact our top-line results. Sales declined in each of our business segments. In part, the decline was attributable to changes designed to improve our business. These include an intentional reduction of production at our Jennie-O Turkey Store segment and product rationalizations in our Grocery Products segment. Sales declines also resulted from decreased pricing as various commodity costs declined, as well as from our exit from the Carapelli joint venture olive oil business. We intend to restore our sales momentum in fiscal 2010 and have a number of initiatives in place to support that effort.

Jeffrey M. Ettinger
Chairman of the Board, President and Chief Executive Officer

DILUTED EARNINGS PER SHARE

(dollars) CAGR 8.6%



BALANCED MODEL

Our balanced business model helped us again during the recession, as sales of our retail canned meat and value-added meat products offset decreased foodservice and microwave product sales. Buoyed by our advertising and promotional efforts, items such as our *SPAM*® family of products and *Hormel*® chili showed excellent growth during the year. Somewhat counterintuitively, sales of more expensive value-added items such as *Hormel*® pepperoni and party trays also grew strongly during the year, indicating that value means more than just price in the eye of the consumer.

In addition, our balance between center-of-the-store items and value-added protein products provided more diversity of product types to meet different consumer needs within retail stores. For example, our canned meat and microwave tray items meet the need for an easy meal within the heat-and-eat category, while our *Hormel*® refrigerated entrees, pepperoni and party trays meet the need of a main course for a family meal, ingredients for a wide variety of meal options, and appetizers for all occasions.

"Our balanced business model helped us again during the recession, as sales of our retail canned meat and value-added meat products offset decreased foodservice and microwave product sales."

2009 OPERATING HIGHLIGHTS

These recessionary times led to reduced consumer spending, even on food. Fortunately for us, we have some of the best known and trusted value-oriented products in the store. Our Grocery Products group is a repository of leading brands in the center of the store, including the *SPAM*® family of products, *Hormel*® chili and *Dinty Moore*® stew, among others. Construction of our Dubuque, Iowa, production facility is on track and the plant is scheduled to begin manufacturing in January. This facility will eventually be used to produce both canned meat and microwave products.

We are excited about our prospects for the new MegaMex Foods joint venture which started operations at the beginning of fiscal year 2010. This expanded entity will provide retailers with a comprehensive portfolio of Mexican foods under leading brands, including *Herdez*® salsa, *CHI-CHI'S*® salsa, *La Victoria*® Mexican sauces, *Doña María*® moles and jarred cactus, *Embasa*® peppers and *Búfalo*® hot sauce. With both authentic and mainstream Mexican offerings, these products resonate across multiple demographics, allowing us to become a one-stop shop for our customers.

In our Refrigerated Foods segment, the Meat Products group generated increased sales of many products which met a variety of needs in this value-seeking time. Included among these are *Hormel*® pepperoni and party trays, *Hormel*® *Natural Choice*® lunch meats and the *Di Lusso*® product line, all of which posted strong sales growth during the year.

Hormel Ex. 2-05

The Foodservice group had a more difficult time meeting their sales goals, as decreased travel and recreational occasions contributed to the consumer trend of eating out less often. Nevertheless, they did an excellent job of focusing on value-added solution products to meet the needs of foodservice operators. Products that distinguish the Hormel Foodservice team from its competitors include *Hormel® Natural Choice®* lunch meats, *Bread Ready®* presliced meats, *Austin Blues®* barbeque meats and *Café H®* ethnic meats.

Reduced production levels established by our team at Jennie-O Turkey Store allowed them to minimize the impact of low commodity turkey meat prices resulting in an improved year. Supported by advertising and promotional efforts around the healthy nature of turkey, sales of value-added turkey products helped Jennie-O Turkey Store stay profitable throughout the year, an achievement not duplicated by many others in the poultry industry this past year.

The Specialty Foods segment ended the year with a small decline in segment profits, due primarily to decreased sales of nutritional and ready-to-drink products produced by Century Foods. However, Specialty Products saw increased sales of its private label products during the year. Diamond Crystal Brands also had a good year, driven primarily by increased sales of its nutritional products to institutions.

Our International group was challenged by export pork bans arising from the novel H1N1 flu virus and currency exchange issues. Nevertheless, they finished strong, giving them momentum for fiscal year 2010.

BALANCE SHEET AND CASH FLOW

As a result of the national credit crisis in the fall of 2008, we reduced inventory levels and closely scrutinized our capital budget in fiscal 2009. These decisions were designed to increase our cash flow and bolster our cash balance. Although we have since returned to our normal capital spending process, the cost savings measures we adopted will serve us well in the future.

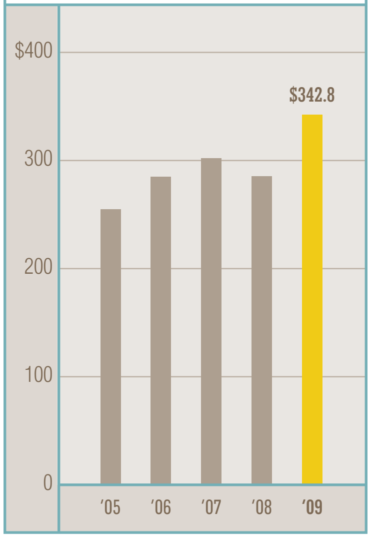
Our strong balance sheet allowed us to maintain our investments in food safety, product quality, innovation and our brands. This strength puts us in an enviable position to make capital investments to grow our business organically and to make strategic acquisitions.

FOOD SAFETY

Food safety issues have been a focal point in the news this past year. We have always set very high standards to deliver consistent, safe and high quality foods. Food safety continues to be a priority for us, which is borne out by our food safety record, one of the best in the industry. We are not resting on our laurels, however, but continue to seek out new technology to keep our company at the forefront of best practices in the food safety arena.

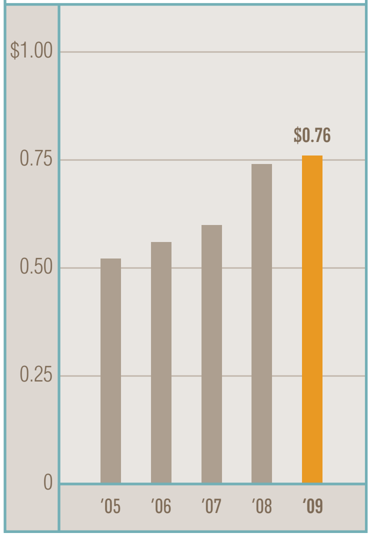
NET EARNINGS

($ in millions) CAGR 7.7%



ANNUAL DIVIDEND

(dollars) CAGR 10.0%



Hormel Ex. 2-06

“We are optimistic about our long-term growth prospects. Our strong balance sheet gives us the ability to grow organically and through acquisitions. Leveraging our category leadership and investing in innovation and our brands will help fuel our growth.”

DIVIDENDS/SHARE REPURCHASES

For fiscal year 2010, we increased our dividend rate by 10.5%, demonstrating confidence in our ability to grow our business. This will represent our 44th consecutive year of increased dividends, maintaining our elite status among the Standard & Poor’s 500 companies.

We repurchased $38 million of shares during the year, and currently have 1.1 million shares remaining to be purchased from the 10 million share authorization currently in place.

DIRECTOR/SENIOR MANAGEMENT CHANGES

Joining the Board this year is Susan K. Nestegard, executive vice president—Global Healthcare Sector for Ecolab Inc. Long-time members Gary J. Ray and Luella G. Goldberg retired from the Board. Our company has benefitted greatly from their leadership and insight, and we wish them the very best in retirement.

James T. Anderson was advanced to the position of assistant controller effective May 18, 2009.

OUTLOOK

We are optimistic about our long-term growth prospects. Our strong balance sheet gives us the ability to grow organically and through acquisitions. Leveraging our category leadership and investing in innovation and our brands will help fuel our growth.

Although we believe the recession will continue to impact consumer behavior in fiscal 2010, we expect a year of both increased sales and earnings. We anticipate our sales results will start slowly and gain momentum as the year progresses. Any significant improvement in the economy during the year will provide us with additional upside potential.

Our greatest asset is our employees. I would like to acknowledge, with thanks, their important contributions to the success of this great enterprise. Their dedication and perseverance in the face of numerous challenges helped us maintain our leadership position in so many critical areas. I am confident they will take us to new heights, as we continue to grow our sales and profits for the benefit of you, our shareholders.

Jeffrey M. Ettinger

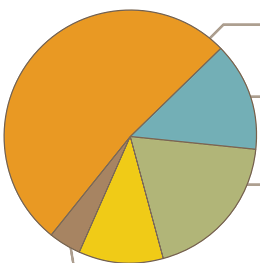
Jeffrey M. Ettinger

Chairman of the Board, President and Chief Executive Officer

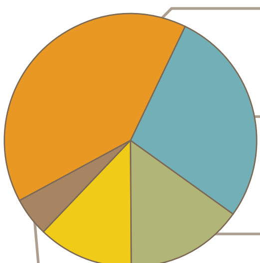
Hormel Ex. 2-07

2009 AT-A-GLANCE

NET SALES



OPERATING PROFIT



GROCERY PRODUCTS

The Hormel Foods Grocery Products segment product portfolio includes *Hormel*® chili, the *SPAM*® family of products, *CHI-CHI'S*® Mexican products, *Dinty Moore*® stews, *Herdez*® authentic Mexican products and *Hormel*® *Compleats*® microwave meals, which are leading brands occupying the center of the store. These products add flavorful toppers and bold ingredients to a meal or are a portion-controlled, hearty meal, while providing convenience to consumers.

REFRIGERATED FOODS

Hormel Foods offers a range of raw, marinated and precooked quality protein options to fill any consumer or foodservice operator's needs through its Refrigerated Foods segment. We focus on developing and offering new innovative flavors and products, including *Hormel*® pepperoni minis and *Hormel*® *Always Tender*® pomegranate basil pork tenderloin. This product portfolio also includes our all-natural *Hormel*® *Natural Choice*® product line and *Hormel*® refrigerated entrees.

JENNIE-O TURKEY STORE

Our Jennie-O Turkey Store segment continues to focus on developing value-added turkey products that meet the nutritional needs of consumers with flavorful alternatives. We emphasize the lean protein benefit offered by our turkey products. Our product portfolio includes convenient options for every meal occasion—turkey burgers, fresh ground turkey, turkey meatballs, turkey breakfast sausages, turkey Italian sausages and our no-mess, no-fuss *Jennie-O Turkey Store®* *Oven Ready™* turkey.

SPECIALTY FOODS

Our Specialty Foods segment includes Diamond Crystal Brands, Century Foods International and Hormel Specialty Products, which offer high-quality products for restaurants, healthcare facilities and retail customers. We offer products in growing categories including nutritional food products and supplements. We also do contract manufacturing and create custom products and flavors using our expertise for all major protein categories—beef, chicken, pork and turkey.

ALL OTHER

Through partnerships around the world, we continue to introduce and grow consumer preference for the *SPAM®* family of products, *Stagg®* chili, our microwave meal franchise and a variety of foodservice products. The All Other segment continues to represent Hormel Foods in numerous languages as new consumers discover these products and we continue to work with our partners to create new options tailored for local tastes in many countries.

Hormel Ex. 2-09

MAINTAINING BRAND LOYALTY

Being the brand of choice for consumers is a priority at Hormel Foods. With 34 brands ranked No. 1 or No. 2 in their respective categories, we continue to support our brands through advertising and other marketing initiatives. Consumers continue to enjoy the *SPAM*® family of products and *Hormel*® chili products today as much as they did when these products were launched in the late 1930s. Since 1891, Hormel Foods has introduced safe, quality, great-tasting food products for consumers under the *Hormel*® brand. Maintaining brand loyalty is also a result of our research and development efforts, which focus on introducing new products and varieties of products to meet the changing demands of our consumers.

SPAM® LITE

The *SPAM*® family of products provides a variety of unique flavors and can add a twist to many recipes. As a kitchen staple, the *SPAM*® family of products provides a distinct savory and salty-sweet taste enjoyed by millions for generations.

HORMEL® CHILI NO BEANS

Hormel® chili is a versatile product made with choice ingredients simmered for a rich and hearty flavor. Available in a variety of flavors, *Hormel*® chili can be used to add protein, flavor and spice to any meal.

HORMEL® PEPPERONI

Hormel® pepperoni can be used to add zip to a variety of dishes, such as pizzas, sandwiches, salads or pastas. As a trusted category leader, consumers turn to different flavor varieties of *Hormel®* pepperoni for a variety of cooking occasions.

JENNIE-O TURKEY STORE® GROUND TURKEY

Jennie-O Turkey Store® ground turkey is an all-natural, gluten free protein option for any meal. This nutritious and versatile item can be used in a variety of recipes from tacos to soups.

HORMEL® MICROWAVE READY BACON

Hormel® microwave ready bacon is ready in 3 minutes and offers the same flavorful, high-quality bacon for which Hormel Foods is known. With individually sealed, microwavable sleeves, there are no messy splatters or need to handle the product until it is ready to eat.

SPAM® SINGLES

SPAM® singles offer a smaller portion of the iconic product consumers love, but in a serving size desired by individuals on-the-go or who want a smaller portion at home.

SPANNING THE GENERATIONS

Each generation of consumers has different ideas and preferences, and at Hormel Foods our focus is to find an innovative solution to meet their needs. For instance, to meet the trend of more at-home meals today, we are providing innovative solutions such as *Hormel*® *Natural Choice*® crusted loin filets and *Hormel*® refrigerated entrees, which satisfy the desire of consumers to have all-natural and more convenient products. With the rapid advancements in technology and flavors, our research and development teams are focused on enhancing our product portfolio with new value-added meal solutions to remain relevant with consumers from every generation.

***HORMEL*® REFRIGERATED ENTREES PORK ROAST—SLOW SIMMERED AU JUS**

When dinner is needed in a hurry, *Hormel*® refrigerated entrees provide a perfect solution that tastes just like it was made at home. Made from top-quality cuts of meat with no preservatives, these home-style entrees are the centerpiece of a hearty, nutritious family meal.

***JENNIE-O TURKEY STORE*® FULLY COOKED HOME STYLE MEATBALLS**

Jennie-O Turkey Store® meatballs provide a delicious, lower-fat protein alternative for a favorite dish like spaghetti and meatballs. This fully cooked, convenient product goes from freezer to microwave and is ready in about 3 minutes.

CELEBRATING FLAVORFUL FOODS

Consumers seek variety and look for unique flavors in the foods they choose to eat. At Hormel Foods, our focus is to keep consumers coming back for our products through new flavor offerings. Through our MegaMex Foods product portfolio, Mexican-American and mainstream consumers can add an authentic ethnic twist to a favorite dish. We have also expanded our microwave meals selection to include unique flavors, such as *CHI-CHI'S® Fiesta Plates™* microwave meals and *Doña María®* platillos available in creamy chipotle chicken and pork with salsa verde varieties, respectively. Additionally, we have worked with our foodservice customers for decades and continue to take a leadership role in introducing new flavors and solution products for this industry.

CAFÉ H® PROTEINS

Café H® proteins provide authentic global flavors in minutes. Available to our foodservice customers, the heat and serve pork and chicken varieties, including barbacoa and chicken tinga, are used to create on-trend dishes, including chicken garlic pizza and carnita burgers.

FARMER JOHN® ALL-NATURAL BONELESS PORK CHOPS

Farmer John® boneless pork chops provide consumers an easy-to-prepare meal solution. This all-natural product is available in several varieties, including chipotle, mango roasted green pepper, citrus jerk, salsa verde and peppercorn, which allows consumers to select a flavorful option for a variety of eating occasions.

Hormel Ex. 2-14

HORMEL® PEPPERONI PARTY TRAY

Hormel® party trays are an essential element to any gathering. Available in several varieties, these easy-to-assemble offerings are an appetizing addition to celebrations at home, work or for a spontaneous gathering of friends.

MEGAMEX FOODS PRODUCTS

MegaMex Foods offers a comprehensive portfolio, including the *CHI-CHI'S®*, *Herdez®*, *La Victoria®*, *Embasa®*, and *Doña María®* brands. Products within this portfolio resonate with Mexican-American and mainstream consumers of Mexican foods, and are available in convenient snack sizes, complete meals or as meal toppings.

HORMEL® NATURAL CHOICE® DELI SANDWICH MEATS

Hormel® Natural Choice® products are 100 percent natural, great-tasting meats, available in many different product varieties, including honey deli turkey and rotisserie style chicken breast. These fresh products are a great addition to a diet for consumers seeking to live a healthier lifestyle.

CHI-CHI'S® SALSA

CHI-CHI'S® salsa is bursting with natural goodness and zesty blends of vine-ripened tomatoes, fresh garden veggies and authentic Mexican spices. Salsa is the number one condiment in the nation, and we're proud to be helping keep America happier and feeling better with our naturally low-fat and low-calorie blends. Packing nutrition, great taste and fun into every bite, *CHI-CHI'S®* salsa can be invited to any meal.

FULFILLING HEALTHY LIFESTYLES

Consumers are constantly balancing aspects of a healthy lifestyle and want great-tasting, healthier food options to help with this endeavor. To fulfill this need, our cross-functional new product development team works diligently to introduce new healthy alternative products for all to enjoy. For example, we continue to expand our *Hormel® Compleats®* green label product line and introduce new *Jennie-O Turkey Store®* products to offer a variety of meal solutions and flavors to meet consumers' needs. In addition, we continue to develop and publish a variety of new tasty recipes to help consumers incorporate these products into creative healthy meals.

HORMEL® COMPLEATS® MICROWAVE MEALS—GREEN LABEL

Hormel® Compleats® microwave meals provide a nutritious, hearty meal ready in 90 seconds. Varieties created for a healthy lifestyle provide tasty meal options with lower sodium and calories, and higher protein and fiber content.

FARMER JOHN® ALL-NATURAL SAUSAGE CAJUN STYLE

Farmer John® all-natural premium smoked sausages were developed to meet the needs of today's health-conscious consumer. Each variety is offered with the natural benefits of no antibiotics, no MSG, no added nitrates and no gluten. These sausages are versatile and great for any stand-alone meal or can be incorporated in pasta or rice dishes.

SUSTAINABILITY

For more than 118 years, corporate responsibility has been a key element of everything we do at Hormel Foods. Through our annual corporate responsibility report, we continue to show our progress toward achieving goals focused on diversity and protecting our natural resources. We highlight our progress and future goals through the prism of Our Way—our corporate values structure—as embodied in the areas of people, process, products, performance and philanthropy.

The collaborative spirit and enthusiasm of our employees, who are focused on clear goals and applying the innovative spirit at Hormel Foods to these tasks, are making steady progress in each of the key areas.

Below are two examples of projects we have completed to achieve our package-minimization goal.

1. PACKAGING REFRESH FOR *HORMEL*® PARTY TRAYS GENERATES RESOURCE SAVINGS

Starting in fall 2009, *Hormel*® party trays graced social gatherings with a new look.

Consumers and customers told the marketing team they wanted to see more of the meats, cheeses and crackers in the party trays. After months of assessing all aspects of the current packaging, Hormel Foods launched a redesigned tray meeting this requirement.

The round tray is now square and has bins to nest the individual packages of meat and cheese. In addition, the shrink wrap covering the exterior was replaced with tamper-evident tape on two of the side panels, and the product graphics were inlaid on the interior of the tray's lid.

A cross-functional team of individuals from research and development, purchasing, graphics, engineering, operations and outside suppliers developed the new concept. With the new packaging, the marketing team is excited to provide customers the same great product in packaging that presents a fresher, deli-like feel.

There are several resource savings as a result of this packaging refresh project:

- Converting the product from a round tray to a square tray reduces the amount of scrap material the supplier will need to recycle after each tray is punched and molded;
- The elimination of shrink wrap will produce an annual savings of approximately 100,000 pounds;
- The corrugated case to ship the product will be smaller, resulting in a corrugated material savings of more than 174,000 pounds per year; and
- The shipping efficiency will increase by three cases per pallet, eliminating 71 truckloads per year.

This redesign is the beginning of a packaging change across the portfolio of the *Hormel*® party tray products.

2. IMPROVING PACKAGING, ADDING CONSUMER CONVENIENCE

In recent months, consumers have started seeing changes to the packaging used for *Lloyd's*® barbeque tubs. Important information about the flavor identification, heating instructions and nutrition information is now printed directly on the packaging instead of on a paper sleeve.

The new tub design resulted in significant paper savings. In addition, the new design requires less plastic.

By removing the paper sleeve, the Company expects to eliminate enough solid waste to fill 22 garbage trucks and save more than 660,000 lbs. of paper fiber.[1] The changes also resulted in reductions in greenhouse gas emissions and energy usage.

While this new packaging reduces the impact on the environment, it also provides benefits to the consumer. The tub features handles that stay cool in the microwave, and consumers can read the product information at any time.

[1]*Environmental impact estimates were made using the Environmental Defense Fund Paper Calculator. For more information, visit http://www.papercalculator.org.*

To learn more about additional corporate responsibility initiatives at Hormel Foods, visit our *2008 Hormel Foods Corporate Responsibility Report* at www.hormelfoods.com/csr/2008.

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SELECTED FINANCIAL DATA

(in thousands, except per share amounts)	2009	2008	2007	2006	2005
Operations					
Net Sales	$6,533,671	$6,754,903	$6,193,032	$5,745,481	$5,413,997
Net Earnings	342,813	285,500	301,892	286,139	254,603
% of net sales	5.25%	4.23%	4.87%	4.98%	4.70%
EBIT[1]	533,414	513,661	483,920	450,709	425,939
% of net sales	8.16%	7.60%	7.81%	7.84%	7.87%
EBITDA[2]	660,552	639,850	610,658	571,810	541,128
% of net sales	10.11%	9.47%	9.86%	9.95%	9.99%
Return on Invested Capital[3]	14.08%	13.04%	13.49%	13.91%	13.60%
Financial Position					
Total Assets	3,692,055	3,616,471	3,393,650	3,060,306	2,846,560
Long-term Debt less Current Maturities	350,000	350,000	350,005	350,054	350,430
Shareholders' Investment	2,123,452	2,007,572	1,884,783	1,802,912	1,598,730
Selected Cash Flow Data					
Depreciation and Amortization	127,138	126,189	126,738	121,101	115,189
Capital Expenditures	96,961	125,890	125,795	141,516	107,094
Acquisitions of Businesses	701	27,225	125,101	78,925	366,496
Share Repurchase	38,147	69,551	86,794	36,978	22,977
Dividends Paid	101,376	95,531	81,092	75,840	69,371
Common Stock					
Basic Shares	134,227	135,360	137,216	137,845	138,040
Diluted Shares	135,489	137,128	139,151	139,561	139,577
Earnings per Share—Basic	2.55	2.11	2.20	2.08	1.84
Earnings per Share—Diluted	2.53	2.08	2.17	2.05	1.82
Dividends per Share	0.76	0.74	0.60	0.56	0.52
Shareholders' Investment per Share	15.89	14.92	13.89	13.10	11.60

The Company provides EBIT, EBITDA, and Return on Invested Capital because these measures are useful to investors as indicators of operating strength and performance relative to prior years, and are typically used to benchmark our Company's performance against other companies in our industry. These measures are calculated as follows:

	2009	2008	2007	2006	2005
(1) EBIT:					
Earnings Before Income Taxes	$ 524,982	$ 457,536	$ 469,837	$ 430,543	$ 406,726
Plus: Interest Expense	27,995	28,023	27,707	25,636	27,744
Less: Interest and Investment Income	(19,563)	28,102	(13,624)	(5,470)	(8,531)
EBIT	$ 533,414	$ 513,661	$ 483,920	$ 450,709	$ 425,939
(2) EBITDA:					
EBIT per (1) above	$ 533,414	$ 513,661	$ 483,920	$ 450,709	$ 425,939
Plus: Depreciation and Amortization	127,138	126,189	126,738	121,101	115,189
EBITDA	$ 660,552	$ 639,850	$ 610,658	$ 571,810	$ 541,128
(3) Return on Invested Capital:					
EBIT per (1) above	$ 533,414	$ 513,661	$ 483,920	$ 450,709	$ 425,939
X (1 – Effective Tax Rate)	65.30%	62.40%	64.25%	66.46%	62.60%
After-tax EBIT	348,319	320,522	310,941	299,541	266,630
Divided by:					
Total Debt	350,000	450,000	420,054	350,420	361,505
Shareholders' Investment	2,123,452	2,007,572	1,884,783	1,802,912	1,598,730
Total Debt and Shareholders' Investment	2,473,452	2,457,572	2,304,837	2,153,332	1,960,235
Return on Invested Capital	14.08%	13.04%	13.49%	13.91%	13.60%

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Fiscal 2009

Hormel Foods achieved record earnings in fiscal 2009, with four of five operating segments surpassing last year's results. This is a particularly impressive accomplishment in light of the recessionary challenges present throughout 2009. Our bottom-line growth was enhanced as cost inflation began to subside from the unprecedented high levels experienced in 2008. Specifically, lower raw material costs and lower freight and warehousing expenses were key drivers of our operating earnings growth. Additionally, the positive return on our rabbi trust investments significantly improved net interest and investment income, and was reflective of the strengthening financial markets during 2009.

Our top-line results were down slightly for the year. Despite a strong finish in fiscal 2008, increased competitive pressures brought on by changes in consumer spending behavior were evident in the fiscal 2009 revenue results in all our operating segments. Additional drivers of the lower revenue were the planned production cuts in our turkey business, the discontinuance of sales of Carapelli olive oil, intentional rationalization of unprofitable sales, increased promotional spending, and lower commodity prices in our pork and turkey complexes.

Grocery Products profitability benefited from improved input costs and expense variances while revenue was softened by shifting consumer trends, particularly in our microwave products. Our value-added franchises within Refrigerated Foods recorded increased profits for the year, while revenue dipped due in part to lower primal values and a continued weak foodservice environment. Lower feed costs, due to a planned reduction in turkey production and a reduced cost per ton, drove Jennie-O Turkey Store to increased profits for the year. Revenue was soft due to reduced production levels and lower market pricing. The Specialty Foods segment had decreased profits due to a challenging year for Century Foods International, which was offset in part by the strength of our private label business. Our International segment delivered improved profitability despite difficult export markets.

Fiscal 2010 Outlook

As we look toward fiscal 2010, we anticipate continued relief from input cost inflation during the first half of the year. The turkey industry is seeing a return to balance between supply and demand, which we believe will support improved earnings at our Jennie-O Turkey Store segment. Conversely, we will experience more difficult comparisons from our rabbi trust results, along with higher pension expenses. Additionally, we expect to see higher hog costs in the second half of the year.

Restoring our top-line growth during 2010 will be a priority. To achieve this, we will continue to drive our brand leadership with increased consumer advertising and store-level promotions. Innovation will continue to be top-of-mind as a growth vehicle for our business segments. The MegaMex Foods, LLC joint venture will be fully operational in 2010, and will expand our opportunities in key ethnic categories.

We will continue to look for strategic uses of our free cash flow and seek to return cash to our shareholders. For fiscal 2010, our dividend rate increased 11 percent to $0.84 per share; and we will continue to repurchase shares as authorized by our Board of Directors. Our strong cash position also allows us the flexibility to seek out investments and acquisitions that fit within the framework of our business segments.

CRITICAL ACCOUNTING POLICIES

This discussion and analysis of financial condition and results of operations is based upon the consolidated financial statements of Hormel Foods Corporation (the Company), which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company evaluates, on an ongoing basis, its estimates for reasonableness as changes occur in its business environment. The Company bases its estimates on experience, the use of independent third-party specialists, and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those that are reflective of significant judgments, estimates, and uncertainties, and potentially result in materially different results under different assumptions and conditions. The Company believes the following are its critical accounting policies:

Inventory Valuation

The Company values its pork inventories at the lower of cost or USDA market prices (primal values). When the carcasses are disassembled and transferred from primal processing to various manufacturing departments, the primal values, as adjusted by the Company for product specifications and

further processing, become the basis for calculating inventory values. Turkey raw materials are represented by the deboned meat quantities. The Company values these raw materials using a concept referred to as the "meat cost pool." The meat cost pool is determined by combining the cost to grow turkeys with processing costs, less any net sales revenue from by-products created from the processing and not used in producing Company products. The Company has developed a series of ratios using historical data and current market conditions (which themselves involve estimates and judgment determinations by the Company) to allocate the meat cost pool to each meat component. Substantially all inventoriable expenses, meat, packaging, and supplies are valued by the average cost method.

Goodwill and Other Intangibles

The Company's identifiable intangible assets are amortized over their useful life, unless the useful life is determined to be indefinite. The useful life of an identifiable intangible asset is based on an analysis of several factors including: contractual, regulatory, or legal obligations, demand, competition, and industry trends. Goodwill and indefinite-lived intangible assets are not amortized, but are tested at least annually for impairment.

The goodwill impairment test is a two-step process performed at the reporting unit level. The Company's reporting units represent operating segments (aggregations of business units that have similar economic characteristics and share the same production facilities, raw materials, and labor force). First, the fair value of each reporting unit is compared with the carrying amount of the reporting unit, including goodwill. The estimated fair value of each reporting unit is determined on the basis of estimated discounted cash flow. The assumptions used in the estimate of fair value, including future growth rates, terminal values, and discount rates, require significant judgment. The estimates and assumptions used consider historical performance and are consistent with the assumptions used in determining future profit plans for each reporting unit, which are approved by the Company's Board of Directors. The Company reviews product growth patterns, market share information, industry trends, peer group statistics, changes in distribution channels, and economic indicators in determining the estimates and assumptions used to develop cash flow and profit plan assumptions. Additionally, the Company performs sensitivity testing of the profit plan assumptions and discount rate to assess the impact on the fair value for each reporting unit under various circumstances.

If the first step results in the carrying value exceeding the fair value of any reporting unit, then a second step must be completed in order to determine the amount of goodwill impairment that should be recorded. In the second step, the implied fair value of the reporting unit's goodwill is determined by allocating the reporting unit's fair value to all of its assets and liabilities other than goodwill in a manner similar to a purchase price allocation. The resulting implied fair value of the goodwill that results from the application of this second step is then compared to the carrying amount of the goodwill and an impairment charge is recorded for the difference. Performance of the second step was not required for any of the Company's reporting units for fiscal 2009, and no goodwill impairment charges were recorded.

Annual impairment testing for indefinite-lived intangible assets compares the fair value and carrying value of the intangible. The fair value of indefinite-lived intangible assets is primarily determined on the basis of estimated discounted value, using the relief from royalty method. The assumptions used in the estimate of fair value, including future sales projections and discount rates, require significant judgment. The Company considers historical performance and various Company and industry factors when determining the assumptions to use in estimating the fair value. If the carrying value exceeds fair value, the indefinite-lived intangible asset is considered impaired and an impairment charge is recorded for the difference. Intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate elements of long-lived assets. The remaining useful life of these assets is also evaluated at least annually during this process.

Accrued Promotional Expenses

Accrued promotional expenses are unpaid liabilities for customer promotional programs in process or completed as of the end of the fiscal year. Promotional contractual accruals are based on agreements with customers for defined performance. The liability relating to these agreements is based on a review of the outstanding contracts on which performance has taken place but for which the promotional payments relating to such contracts remain unpaid as of the end of the fiscal year. The level of customer performance is a significant estimate used to determine these liabilities.

Employee Benefit Plans

The Company incurs expenses relating to employee benefits, such as noncontributory defined benefit pension plans and post-retirement health care benefits. In accounting for these employment costs, management must make a variety of assumptions and estimates including mortality rates, discount rates, overall Company compensation increases, expected return on plan assets, and health care cost trend rates. The Company considers historical data as well as current facts and circumstances when determining these estimates. The Company uses third-party specialists to assist management in the determination of these estimates and the calculation of certain employee benefit expenses.

Income Taxes

The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. Changes in enacted tax rates are reflected in the tax provision as they occur.

The Company computes its provision for income taxes based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it operates. Significant judgment is required in evaluating the Company's tax positions and determining its annual tax provision. While the Company considers all of its tax positions fully supportable, the Company is occasionally challenged by various tax authorities regarding the amount of taxes due. The Company recognizes a tax position in its financial statements when it is more likely than not that the position will be sustained upon examination, based on the technical merits of the position. That position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. A change in judgment related to the expected ultimate resolution of uncertain tax positions will be recognized in earnings in the quarter of such change.

RESULTS OF OPERATIONS

Overview

The Company is a processor of branded and unbranded food products for retail, foodservice, and fresh product customers. The Company operates in the following five segments:

Segment	Business Conducted
Grocery Products	This segment consists primarily of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market.
Refrigerated Foods	This segment includes the Hormel Refrigerated, Farmer John, Burke Corporation (Burke), and Dan's Prize operating segments. This segment consists primarily of the processing, marketing, and sale of branded and unbranded pork and beef products for retail, foodservice, and fresh product customers. Results for the Hormel Refrigerated operating segment include the Precept Foods business, which offers a variety of case-ready beef and pork products to retail customers. Precept Foods, LLC, is a 51 percent owned joint venture between Hormel Foods Corporation and Cargill Meat Solutions Corporation, a wholly-owned subsidiary of Cargill, Incorporated.
Jennie-O Turkey Store	This segment consists primarily of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and fresh product customers.
Specialty Foods	This segment includes the Diamond Crystal Brands (DCB), Century Foods International (CFI), and Hormel Specialty Products (HSP) operating segments. This segment consists of the packaging and sale of various sugar and sugar substitute products, salt and pepper products, liquid portion products, dessert mixes, ready-to-drink products, gelatin products, and private label canned meats to retail and foodservice customers. This segment also includes the processing, marketing, and sale of nutritional food products and supplements to hospitals, nursing homes, and other marketers of nutritional products.
All Other	This segment includes the Hormel Foods International (HFI) operating segment, which manufactures, markets, and sells Company products internationally. This segment also includes various miscellaneous corporate sales.

Fiscal Years 2009 and 2008

Consolidated Results

Net Earnings

Net earnings for the fourth quarter of fiscal 2009 were $103.9 million, an increase of 53.2 percent compared to earnings of $67.8 million for the same quarter last year. Diluted earnings per share were $0.77 compared to $0.50 for the same quarter last year. Net earnings for the year increased 20.1 percent to $342.8 million from $285.5 million in fiscal 2008. Diluted earnings per share for fiscal 2009 increased to $2.53 from $2.08 in the prior year.

Gains on investments held in the Company's rabbi trust for supplemental executive retirement plans and deferred income plans in fiscal 2009 were a key driver of the earnings increase. The Company reported gains of $3.7 million and $15.3 million for the 2009 fourth quarter and fiscal year, respectively, compared to losses of $20.4 million and $29.0 million for the comparable periods of fiscal 2008.

Sales

Net sales for the fourth quarter decreased to $1.68 billion from $1.86 billion in 2008, a decrease of 10.0 percent. Net sales for the twelve months of fiscal 2009 decreased 3.3 percent to $6.53 billion compared to $6.75 billion last year. Tonnage for the fourth quarter decreased 3.2 percent to 1.18 billion lbs.

compared to the prior year at 1.21 billion lbs. Tonnage for the year decreased 2.6 percent to 4.56 billion lbs. from 4.68 billion lbs. in the prior year. Top-line results declined due to a combination of factors. A weak consumer environment resulted in softer sales throughout fiscal 2009, and continued to have a significant impact during the fourth quarter. Planned volume reductions at Jennie-O-Turkey Store, the discontinuance of sales of Carapelli® olive oil, and product rationalizations during fiscal 2009 also contributed to the decline for the year. Net sales decreases outpacing tonnage reductions for the year also reflect lower pricing in our pork and turkey complexes. Although some economic recovery is expected during fiscal 2010, weak consumer spending will remain a challenge throughout the upcoming year and may continue to impact sales results. Formation of the MegaMex Foods, LLC joint venture will provide some top-line growth going forward.

Gross Profit

Gross profit was $304.2 million and $1.10 billion for the fourth quarter and year, respectively, compared to $276.2 million and $1.06 billion last year. As a percentage of net sales, gross profit increased to 18.2 percent for the fourth quarter compared to 14.8 percent in fiscal 2008, and increased to 16.8 percent for the year compared to 15.7 percent in fiscal 2008. The Refrigerated Foods segment realized margin gains throughout fiscal 2009 as reduced input costs were more than able to offset the impact of unfavorable cut-out margins in pork operations. These gains were most notable in the second half of the year, as a rapid increase in input costs in the latter half of fiscal 2008 had decreased margins in the Company's value-added business units. Lower feed costs at Jennie-O Turkey Store also contributed to the margin improvement, resulting from a planned reduction in turkey production and a decreased cost per ton in fiscal 2009 compared to the prior year. Significantly lower freight expense across most segments of the Company also benefited margins for both the fourth quarter and fiscal year.

During at least the first half of fiscal 2010, the Company expects gross margins to continue to be positively impacted by lower raw material costs. In the second half of the year, higher hog costs resulting from a decreased supply may begin to negatively impact margins for Refrigerated Foods. The turkey industry has started to see a return to balance between supply and demand, which should continue to strengthen results for the Jennie-O Turkey Store segment compared to fiscal 2009. However, feed costs have been volatile recently, which may also impact margin results.

Selling, General and Administrative

Selling, general and administrative expenses for the fourth quarter and year were $142.7 million and $567.1 million, respectively, compared to $132.9 million and $552.5 million last year. As a percentage of net sales, selling, general and administrative expenses for the fourth quarter increased to 8.5 percent of net sales compared to 7.1 percent of net sales in the prior year. For the fiscal year, the expenses increased to 8.7 percent from 8.2 percent in fiscal 2008. Increases for both the fourth quarter and fiscal year reflect higher employee incentive plan costs, increased pension and medical expenses, and additional charitable contributions compared to fiscal 2008. These increases offset reductions in travel and advertising expenses compared to the prior year. As a percentage of net sales, the Company expects selling, general and administrative expenses to approximate 8.8 percent in fiscal 2010, which reflects an anticipated year over year increase in advertising expenses, as well as a notable increase in pension expenses.

Research and development expenses were $6.5 million and $25.4 million for the fourth quarter and year, respectively, compared to $5.7 million and $22.7 million in 2008. Research and development expenses are again expected to increase during fiscal 2010, as product innovation and expansions of value-added product lines continue to be priorities for the Company.

Equity in Earnings of Affiliates

Equity in earnings of affiliates was $0.7 million and $1.6 million for the fourth quarter and year, respectively, compared to $0.8 million and $4.2 million last year. Equity for both the fourth quarter and fiscal year was negatively impacted by the dissolution of the Company's Carapelli USA, LLC joint venture in the second quarter of fiscal 2009. Notable declines for the year were also reported by the Company's 40 percent owned Philippine joint venture, Purefoods-Hormel Company, and the Company's 49 percent owned joint venture, San Miguel Purefoods (Vietnam) Co. Ltd. These declines were partially offset by stronger results from the Company's 50 percent owned joint venture, Herdez Corporation. Minority interests in the Company's consolidated investments are also reflected in these figures, and remained comparable to the prior year.

On October 26, 2009, subsequent to the end of the fiscal year, the Company completed the formation of MegaMex Foods, LLC, a joint venture which will market Mexican foods in the United States. The Company will have a 50 percent ownership interest in this joint venture, and the investment will be included in the Grocery Products segment. As a result of this new joint venture, as well as improved performance anticipated from the Company's other joint venture operations, the Company expects equity in earnings of affiliates to increase in fiscal 2010.

In conformity with U.S. generally accepted accounting principles, the Company accounts for its majority-owned operations under the consolidation method. Investments in which the Company owns a minority interest are accounted for under the equity or cost method. These investments, along

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with receivables from other affiliates, are included in the Consolidated Statement of Financial Position as investments in and receivables from affiliates. The composition of this line item at October 25, 2009, was as follows:

Country	Investments/Receivables
	(in thousands)
United States	$ 3,572
Philippines	56,609
Vietnam	21,816
Mexico	4,161
Japan	441
Total	$86,599

Income Taxes

The Company's effective tax rate for the fourth quarter and year was 34.1 percent and 34.7 percent, respectively, in fiscal 2009 compared to 41.9 percent and 37.6 percent, respectively, for the quarter and year in fiscal 2008. The lower rate for both the fourth quarter and fiscal year is primarily due to positive returns on the Company's rabbi trust investments in the current year versus significant losses in the prior year, which are not subject to tax. The Company expects the effective tax rate in fiscal 2010 to be between 35.0 and 36.0 percent.

Segment Results

Net sales and operating profits for each of the Company's segments are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, we do not represent that these segments, if operated independently, would report the operating profit and other financial information shown below. (Additional segment financial information can be found in Note L "Segment Operating Results.")

	Fourth Quarter Ended			Year Ended		
(in thousands of dollars)	October 25, 2009	October 26, 2008	% Change	October 25, 2009	October 26, 2008	% Change
Net Sales						
Grocery Products	$ 232,043	$ 263,383	(11.9)	$ 924,682	$ 947,184	(2.4)
Refrigerated Foods	857,178	941,413	(8.9)	3,436,242	3,521,672	(2.4)
Jennie-O Turkey Store	337,544	374,132	(9.8)	1,227,709	1,268,002	(3.2)
Specialty Foods	189,051	214,337	(11.8)	708,730	777,659	(8.9)
All Other	59,286	68,247	(13.1)	236,308	240,386	(1.7)
Total	$1,675,102	$1,861,512	(10.0)	$6,533,671	$6,754,903	(3.3)
Segment Operating Profit						
Grocery Products	$ 46,004	$ 40,939	12.4	$ 162,531	$ 148,768	9.3
Refrigerated Foods	70,440	57,199	23.1	226,171	211,961	6.7
Jennie-O Turkey Store	25,062	23,716	5.7	86,909	78,306	11.0
Specialty Foods	21,247	19,423	9.4	68,484	70,124	(2.3)
All Other	9,695	6,348	52.7	27,631	27,001	2.3
Total segment operating profit	172,448	147,625	16.8	571,726	536,160	6.6
Net interest and investment income	(4,481)	(27,387)	83.6	(8,432)	(56,125)	85.0
General corporate expense	(10,294)	(3,517)	(192.7)	(38,312)	(22,499)	(70.3)
Earnings before income taxes	$ 157,673	$ 116,721	35.1	$ 524,982	$ 457,536	14.7

Grocery Products

Grocery Products net sales decreased 11.9 percent for the fourth quarter and 2.4 percent for the year compared to fiscal 2008. Tonnage decreased 6.9 percent for the quarter and 2.6 percent for the year compared to prior year results. Top-line results for both the fourth quarter and year were negatively impacted by the discontinuance of sales of Carapelli® olive oil at the end of the second quarter of fiscal 2009, as well as the rationalization of certain other non-strategic product lines. Increased promotional support also contributed to the sales decline. This segment experienced weakness in consumer spending, particularly in the microwave category, as sales of *Hormel® Compleats®* microwave meals declined compared to fiscal 2008 levels due to the ongoing economic trend away from convenience items. Sales of *Hormel®* chili remained strong, showing double-digit sales increases for both the fourth quarter and fiscal year compared to 2008.

Segment profit for Grocery Products increased 12.4 percent for the fourth quarter and 9.3 percent for the year compared to fiscal 2008. Lower pork input costs, product mix improvements, and pricing advances taken early in the year provided a substantial benefit throughout fiscal 2009.

Increased sales of our *SPAM®* family of products and decreased expenses related to freight, warehousing, and packaging also contributed to the improved profit results.

Balanced revenue and segment profit growth in core product lines will be a priority for Grocery Products in fiscal 2010. Formation of the MegaMex Foods, LLC joint venture will provide additional top-line growth and equity in earnings for this segment. Construction of the new production facility in Dubuque, Iowa, will be completed early in the year, which will provide additional capacity for both canned and microwave tray items. Lower input costs are expected to provide some additional benefit in the first half of 2010, but are anticipated to increase in the latter half of the year, which may negatively impact margins as the year progresses.

Refrigerated Foods

Net sales by the Refrigerated Foods segment were down 8.9 percent for the fourth quarter and 2.4 percent for the twelve months compared to fiscal 2008. Tonnage increased 1.0 percent for the fourth quarter and decreased 1.0 percent for the fiscal year as compared to 2008. Weak economic conditions impacted sales results for this segment throughout fiscal 2009, most notably in the Foodservice business unit. Lower primal values also resulted in reduced prices for commodity pork, hams, and bacon.

Segment profit for Refrigerated Foods increased 23.1 percent in the fourth quarter and 6.7 percent for the twelve months, compared to fiscal 2008. The Company's hog processing for the fourth quarter decreased 1.8 percent to 2.40 million hogs from 2.45 million hogs for the comparable period last year. For the fiscal year, hog processing decreased 1.1 percent to 9.44 million hogs from 9.55 million hogs in fiscal 2008. Lower input costs and a more favorable product mix for our value-added businesses were the key drivers of the improved profit results compared to fiscal 2008. Sizable pork operating losses, generated by unfavorable cut-out margins compared to the prior year and reserve adjustments related to producer contracts, offset a portion of these gains. A significant reduction in freight expenses during fiscal 2009 also strengthened the profit results for this segment.

Although the Meat Products business unit experienced an overall sales decline in the fourth quarter, their results on key product lines remained strong. For the fourth quarter and fiscal year, double-digit sales growth was achieved for *Hormel®* retail pepperoni, *Di Lusso®* products, and prepared deli foods. Sales of *Hormel® Natural Choice®* lunchmeats and *Hormel®* party trays also showed notable gains for 2009 compared to the prior year. The Company is pursuing additional initiatives in fiscal 2010 to support the *Hormel®* brand, which should have a favorable impact on sales results for Meat Products in upcoming quarters. The Foodservice business unit reported an overall sales decline for the year, as they continued to experience decreased travel and restaurant business due to the economic conditions that have existed throughout fiscal 2009. Although some recovery in the foodservice sector is expected in 2010, the Company does not expect to see improvement in the near term, and continues to pursue other foodservice channels to offset a portion of the lost sales.

Farmer John was challenged throughout fiscal 2009, as the lower hog markets generated significant losses for the Company's live hog production operations. Improvements in those markets, as well as the continued expansion of value-added products, are expected to improve the results for this business unit in 2010.

Industry-wide sow liquidations did not reduce the hog supply as quickly as anticipated during fiscal 2009, and have been partially offset by increased productivity. The Company expects some additional decline in supply during fiscal 2010. This decline may increase input costs moderately in the first half of the year, and will likely increase more significantly in the second half of the year, which will impact margins for Refrigerated Foods. However, improved pork operating margins should provide some benefit. The impact of economic conditions, particularly in the foodservice sector, also continues to be a concern entering 2010.

Jennie-O Turkey Store

Jennie-O Turkey Store (JOTS) net sales for the fourth quarter and year decreased 9.8 percent and 3.2 percent, respectively, compared to fiscal 2008. Tonnage decreased 6.3 percent for the fourth quarter and 3.1 percent for the twelve months, compared to prior year results. Lower commodity meat sales, due to overall lower market pricing compared to the prior year, were the key driver of the sales decline. Planned volume reductions also impacted sales, and JOTS ended the year with significantly lower inventory levels compared to fiscal 2008. Value-added net sales also declined during the second half of the fiscal year, reflecting the ongoing impact of weak economic conditions.

Segment profit for JOTS increased 5.7 percent for the fourth quarter and 11.0 percent for the year compared to fiscal 2008. Lower feed costs, due to the planned reductions in turkey production and a decreased cost per ton, have been the key driver of the improved profit results throughout fiscal 2009. Commodity markets were low as the industry experienced an oversupply of breast meat and whole birds during the majority of the fiscal year. Export markets were also volatile during 2009. The volume reductions noted above were able to reduce the Company's exposure to the lower markets and allowed JOTS to avoid generating surplus breast meat. JOTS also benefited from significantly reduced freight expenses during fiscal 2009.

Value-added net sales for JOTS declined in the latter half of 2009, but maintained a slight increase for the fiscal year compared to 2008. Products such as *Jennie-O Turkey Store®* tray pack products, pan roasts, and franks ended the year with strong fourth quarter results, but were unable to offset decreases in other retail and deli product lines. Weak consumer demand remains a concern and the Company will continue to support key products with advertising and promotional support to improve value-added sales results in upcoming quarters.

Production cutbacks have continued to decrease industry supplies, and cold storage levels have recently started to decline. As a result, commodity pricing improved at the end of fiscal 2009 and should begin to enhance profit results for JOTS in fiscal 2010. However, feed costs have also been volatile recently, which may impact margins for this segment going forward.

Specialty Foods

Specialty Foods net sales decreased 11.8 percent for the fourth quarter and 8.9 percent for the twelve months compared to fiscal 2008. Tonnage decreased 8.3 percent for the quarter and 9.0 percent for the twelve months compared to last year. The Boca Grande Foods, Inc. (Boca Grande) acquisition contributed an incremental $13.8 million of net sales and 15.8 million lbs. of tonnage to the fiscal year 2009 results for this segment.

Specialty Foods segment profit increased 9.4 percent for the fourth quarter but decreased 2.3 percent for the year compared to fiscal 2008. Results for the operating segments within Specialty Foods were mixed. The strong results for the fourth quarter and year were driven by improved sales and margins on HSP private label canned meats, which offset reductions in contract packaging sales. An overall reduction in freight and warehousing expenses also provided a benefit to this segment throughout fiscal 2009. For the full year, however, these gains were not enough to offset lower results at CFI due to decreased sales of nutritional powders, ready-to-drink products, and ingredient blends. Although results for DCB were relatively flat for the fourth quarter, product mix improvements resulting in increased sales of sugar substitutes, nutritional products, and liquid portion products contributed to profit increases for the full year compared to fiscal 2008.

Looking forward, this segment expects sales of private label canned goods to remain strong entering 2010. Contract packaging sales at CFI are also expected to rebound following the slowdowns experienced during fiscal 2009. DCB will continue to be challenged with competitive pricing pressures on certain key product lines, but anticipates profit growth during the upcoming year.

All Other

All Other net sales decreased 13.1 percent for the fourth quarter and 1.7 percent for the year compared to fiscal 2008. Export sales of fresh pork were weak, most notably in the fourth quarter, due the continuing weak global economy and certain bans still in place related to the H1N1 flu virus.

All Other segment profit increased 52.7 percent and 2.3 percent for the quarter and year, respectively, compared to last year. The significant increase in the fourth quarter was due to lower raw material, freight, and advertising costs, which also provided some benefit on an annual basis. Currency exchange rates, which had been unfavorable throughout much of fiscal 2009, began to show some improvement late in the year and also contributed to the increased profits for this segment. The improved currency markets and lower raw materials costs are expected to continue in the first half of fiscal 2010, which should strengthen profit results. The gains realized due to lower expenses for the year were partially offset by the Company's international joint ventures, which reported a substantial profit decrease compared to fiscal 2008 results.

Unallocated Income and Expenses

The Company does not allocate investment income, interest expense, and interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at corporate. These items are included in the segment table for the purpose of reconciling segment results to earnings before income taxes.

Net interest and investment income for the fourth quarter and year was a net expense of $4.5 million and $8.4 million, respectively, compared to a net expense of $27.4 million and $56.1 million for the comparable periods of fiscal 2008. Positive investment returns on the Company's rabbi trust for supplemental executive retirement plans and deferred income plans was the key driver of the improved results, increasing $24.1 million and $44.2 million for the fourth quarter and fiscal year, respectively, compared to the losses that were incurred in fiscal 2008. Fiscal 2009 results also include a $3.6 million pretax gain recognized on the dissolution of the Company's Carapelli USA, LLC joint venture. Additionally, the Company recorded a $2.4 million investment write-off in fiscal 2008. These investment gains were partially offset by $2.1 million of additional amortization expense related to the Company's affordable housing investments during fiscal 2009. Interest expense of $28.0 million for fiscal 2009 was even with fiscal 2008. The only debt balance remaining at the end of fiscal 2009 relates to the Company's $350.0 million senior notes which mature in 2011. The Company expects interest expense to be between $27.0 million and $29.0 million for fiscal 2010.

General corporate expense for the fourth quarter and year was $10.3 million and $38.3 million, respectively, compared to $3.5 million and $22.5 million for the prior year quarter and twelve months. Increases for both the fourth quarter and year are primarily due to higher employee compensation plan costs and additional charitable contributions compared to the prior year. The increased expense for the year also reflects higher medical and pension related expenses, which are expected to continue into fiscal 2010.

Fiscal Years 2008 and 2007

Consolidated Results

Net Earnings

Net earnings for the fourth quarter of fiscal 2008 were $67.8 million, a decrease of 33.0 percent compared to earnings of $101.2 million for the same period in fiscal 2007. Diluted earnings per share were $0.50 compared to $0.73 for the same period in 2007. Net earnings for the year decreased 5.4 percent to $285.5 million from $301.9 million in fiscal 2007. Diluted earnings per share for fiscal 2008 decreased to $2.08 from $2.17 in 2007.

Losses on investments held in the Company's rabbi trust for supplemental executive retirement plans and deferred income plans in 2008 were a key factor in the net earnings decline. The Company incurred losses of $20.4 million and $29.0 million for the 2008 fourth quarter and fiscal year, respectively, compared to gains of $4.6 million and $6.9 million for the comparable periods of fiscal 2007. Fiscal 2007 earnings for the fourth quarter and year also included a $4.8 million pretax gain from the sale of a Company airplane, and a $2.0 million pretax gain related to the dissolution of the Company's Patak's Foods USA (Patak's) joint venture.

Sales

Net sales for the fourth quarter increased to $1.86 billion from $1.66 billion in 2007, an increase of 11.8 percent. Net sales for the twelve months of fiscal 2008 increased 9.1 percent to $6.75 billion compared to $6.19 billion in 2007. Tonnage for the fourth quarter of fiscal 2008 increased 3.4 percent to 1.21 billion lbs. compared to 1.17 billion lbs. in 2007. Tonnage for the year increased 5.0 percent to 4.68 billion lbs. from 4.46 billion lbs. in 2007. Tonnage growth in fiscal 2008 was driven by a combination of value-added sales growth and additional commodity meat sales. Net sales growth outpacing tonnage increases primarily reflected the impact of pricing advances taken throughout fiscal 2008 in response to significantly higher input costs compared to fiscal 2007.

Fourth quarter net sales and tonnage comparisons for fiscal 2008 were positively impacted by the third quarter 2008 acquisition of Boca Grande and the fourth quarter 2007 acquisition of Burke. Full-year comparisons also benefited from the first quarter 2007 acquisition of Provena Foods Inc. (Provena). On a combined basis, these acquisitions contributed an incremental $23.2 million of net sales and 15.1 million lbs. of tonnage to the fourth quarter 2008 results, and $129.5 million of net sales and 88.2 million lbs. of tonnage to the total fiscal 2008 results. Excluding the impact of these acquisitions, net sales and tonnage increased 10.5 percent and 2.1 percent, respectively, compared to the fourth quarter of fiscal 2007, and increased 7.0 percent and 3.0 percent, respectively, compared to total fiscal 2007.

Gross Profit

Gross profit was $276.2 million and $1.06 billion for the fourth quarter and year, respectively, compared to $278.0 million and $1.00 billion in fiscal 2007. As a percentage of net sales, gross profit decreased to 14.8 percent for the fourth quarter compared to 16.7 percent in 2007, and decreased to 15.7 percent for the year compared to 16.2 percent in 2007. Although value-added sales growth remained strong during fiscal 2008, several factors negatively impacted margin results compared to fiscal 2007. Higher grain input costs drove substantial margin declines throughout fiscal 2008, most notably in the Jennie-O Turkey Store segment which reported higher feed related costs for the year of approximately $167.0 million, which were not fully recovered through pricing advances or the Company's hedging programs. In the second half of fiscal 2008, an oversupply of turkey breast meat in the market also kept commodity prices low and further reduced margins. In Refrigerated Foods, lower hog markets resulted in higher margins in the first half of the year. However, a rapid increase in input costs in the latter half of the year pressured margins in the Company's value-added business units, as pricing could not be advanced quickly enough to recover the increased expenses. Margins in fiscal 2008 also reflected higher shipping and handling costs of $13.3 million and $48.1 million for the fourth quarter and fiscal year, respectively, compared to fiscal 2007, primarily due to higher fuel costs.

Selling, General and Administrative

Selling, general and administrative expenses for the 2008 fourth quarter and fiscal year were $132.9 million and $552.5 million, respectively, compared to $123.7 million and $522.4 million in fiscal 2007. Advertising expenses increased for both the fourth quarter and fiscal year, and comparisons for the twelve months reflected lower gains on natural gas hedges and higher travel expenses in fiscal 2008. In addition, the increase for the full year included the impact of a change in allocation methodology for one of the Company's operating segments. Certain expenses were reclassified from cost of products sold into selling, general and administrative expense, making the classification more consistent across the Company. Finally, the increased expense for both the fourth quarter and fiscal year included the impact of a $4.8 million

gain on the sale of a Company airplane in the fourth quarter of fiscal 2007.

As a percentage of net sales, selling, general and administrative expenses for the fourth quarter decreased to 7.1 percent of net sales compared to 7.4 percent of net sales in fiscal 2007. For the fiscal year, the expenses declined to 8.2 percent from 8.4 percent in 2007. The percentage declines reflected the impact of pricing initiatives taken throughout fiscal 2008.

Research and development expenses were $5.7 million and $22.7 million for the 2008 fourth quarter and year, respectively, compared to $6.0 million and $21.5 million in 2007.

Equity in Earnings of Affiliates

Equity in earnings of affiliates was $0.8 million and $4.2 million for the fourth quarter and year, respectively, compared to $1.4 million and $3.5 million in 2007. Declines for the quarter were experienced by the majority of the Company's joint venture operations. For the fiscal year, improved performance was most notable for the Company's former joint venture, Carapelli USA, LLC, and the Company's 49 percent owned joint venture, San Miguel Purefoods (Vietnam) Co. Ltd. Minority interests in the Company's consolidated investments are also reflected in these figures, representing decreased earnings of $1.2 million for fiscal year 2008 compared to 2007.

In conformity with U.S. generally accepted accounting principles, the Company accounts for its majority-owned operations under the consolidation method. Investments in which the Company owns a minority interest are accounted for under the equity or cost method. These investments, along with receivables from other affiliates, are included in the Consolidated Statement of Financial Position as investments in and receivables from affiliates. The composition of this line item at October 26, 2008, was as follows:

Country	Investments/Receivables
	(in thousands)
United States	$11,190
Philippines	55,753
Vietnam	22,026
Mexico	4,648
Total	$93,617

Income Taxes

The Company's effective tax rate for the fourth quarter and year was 41.9 percent and 37.6 percent, respectively, in fiscal 2008 compared to 34.9 percent and 35.7 percent, respectively, for the quarter and year in fiscal 2007. The higher rate for both the fourth quarter and fiscal year was primarily due to the significant losses incurred on the Company's rabbi trust, which are not tax deductible. These increases were partially offset by a statutory increase in the federal manufacturing activities deduction, which had risen from 3.0 percent of qualified manufacturing expenses in fiscal 2007 to 6.0 percent of such expenses in fiscal 2008.

Segment Results

Net sales and operating profits for each of the Company's segments are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, we do not represent that these segments, if operated independently, would report the operating profit and other financial information shown below.

	Fourth Quarter Ended			Year Ended		
(in thousands of dollars)	October 26, 2008	October 28, 2007	% Change	October 26, 2008	October 28, 2007	% Change
Net Sales						
Grocery Products	$ 263,383	$ 247,432	6.4	$ 947,184	$ 879,423	7.7
Refrigerated Foods	941,413	850,608	10.7	3,521,672	3,270,204	7.7
Jennie-O Turkey Store	374,132	336,906	11.0	1,268,002	1,162,152	9.1
Specialty Foods	214,337	178,626	20.0	777,659	692,468	12.3
All Other	68,247	50,775	34.4	240,386	188,785	27.3
Total	$1,861,512	$1,664,347	11.8	$6,754,903	$6,193,032	9.1
Segment Operating Profit						
Grocery Products	$ 40,939	$ 42,399	(3.4)	$ 148,768	$ 141,445	5.2
Refrigerated Foods	57,199	51,031	12.1	211,961	173,924	21.9
Jennie-O Turkey Store	23,716	42,129	(43.7)	78,306	106,890	(26.7)
Specialty Foods	19,423	13,050	48.8	70,124	61,448	14.1
All Other	6,348	6,892	(7.9)	27,001	23,085	17.0
Total segment operating profit	147,625	155,501	(5.1)	536,160	506,792	5.8
Net interest and investment income	(27,387)	(172)	(15,822.7)	(56,125)	(14,083)	(298.5)
General corporate (expense) income	(3,517)	179	(2,064.8)	(22,499)	(22,872)	1.6
Earnings before income taxes	$ 116,721	$ 155,508	(24.9)	$ 457,536	$ 469,837	(2.6)

Hormel Ex. 2-28

Grocery Products

Grocery Products net sales increased 6.4 percent for the quarter and 7.7 percent for the year compared to fiscal 2007. Tonnage decreased 1.2 percent for the quarter and increased 3.4 percent for the year compared to fiscal 2007 results.

Top-line growth for fiscal 2008 was due to volume gains on core product lines. Notable growth was reported on the *SPAM*® family of products and *Hormel*® chili. *Dinty Moore*® stew also showed improved results, following the introduction of the new Big Bowl microwave products in the second half of the year. Net sales for both the fourth quarter and year also benefited from pricing advances taken on several product lines throughout fiscal 2008. The tonnage decline for the fourth quarter resulted primarily from softening sales of *Hormel*® *Compleats*® microwave meals, driven by higher pricing and a shift in consumer buying preferences due to current economic conditions.

Segment profit for Grocery Products decreased 3.4 percent for the quarter and increased 5.2 percent for the year compared to fiscal 2007. Favorable input costs and strong volumes in the first half of the year resulted in the overall gain for the fiscal year. However, the profit decline for the fourth quarter reflected cost pressures in the second half of the year, primarily related to higher beef and pork trim costs. An overall shift in product mix to lower margin products also impacted results for both the fourth quarter and fiscal year.

Refrigerated Foods

Net sales by the Refrigerated Foods segment were up 10.7 percent for the quarter and 7.7 percent for the twelve months compared to fiscal 2007. Tonnage increased 1.2 percent for the quarter and 4.4 percent for the fiscal year as compared to 2007. Net sales and tonnage comparisons were positively impacted by the fourth quarter 2007 acquisition of Burke, and year to date comparisons also benefited from the first quarter 2007 acquisition of Provena. These acquisitions contributed an incremental $15.9 million of net sales and 6.9 million lbs. of tonnage to the fourth quarter 2007 results, and $119.7 million of net sales and 76.8 million lbs. of tonnage to the twelve month results. Excluding the impact of these acquisitions, net sales increased 8.8 percent while tonnage remained flat compared to the fiscal 2007 fourth quarter, and net sales and tonnage increased 4.0 percent and 1.2 percent, respectively, compared to total fiscal 2007.

Segment profit for Refrigerated Foods increased 12.1 percent in the fourth quarter and 21.9 percent for the twelve months, compared to fiscal 2007. Following a rapid increase in raw material costs in the third and early fourth quarter, declining hog prices and increasing cutout values strengthened pork margins during the latter half of the quarter. Overall, markets were favorable for the full year, as hog costs remained flat compared to fiscal 2007 while cutout values increased 1.7 percent. The Company's hog processing for the fourth quarter of 2008 increased 3.1 percent to 2.45 million hogs from 2.37 million hogs for the comparable period in 2007. For fiscal year 2008, hog processing increased 1.8 percent to 9.55 million hogs from 9.38 million hogs in fiscal 2007.

The value-added business units in Refrigerated Foods experienced mixed results during fiscal 2008. Strong first half profit results were driven by lower pork input costs and strong sales growth. In the second half, however, the Meat Products unit struggled with rapidly rising input costs and was unable to advance pricing quickly enough to recover the additional expense. Overall demand remained strong, particularly on *Hormel*® *Natural Choice*® deli meats, *Hormel*® refrigerated entrees, and *Hormel*® *Always Tender*® flavored meats. The Foodservice unit also faced a difficult economic environment in the latter half of fiscal 2008, as an industry-wide decline in away-from-home dining negatively impacted both top and bottom-line results. This unit continued to pursue opportunities in other channels and ended 2008 with strong fourth quarter sales in several categories, including BBQ/*Café H*®, pork sausage, turkey, and roast beef.

Farmer John reported improved results for both the 2008 fourth quarter and fiscal year compared to 2007, driven primarily by an improved sales mix and strong demand for their domestic and export fresh pork business. These gains were able to offset a portion of the substantial losses incurred at the Company's hog production facilities due to lower hog markets in the first half of the year and higher feed costs throughout fiscal 2008. Retail margins were also negatively impacted by higher raw materials costs in the second half of 2008, and price increases were implemented to recover a portion of these margin losses entering fiscal 2009.

Dan's Prize, Inc., the Company's wholly owned processor and seller of beef products, also faced a challenging year. Overall demand for beef was weaker in fiscal 2008 due to large supplies of competitive proteins. Tighter raw material supplies also caused input costs to exceed the prior year, which were not fully recovered through pricing advances.

Jennie-O Turkey Store

JOTS net sales for the fourth quarter and year increased 11.0 percent and 9.1 percent, respectively, compared to fiscal 2007. Tonnage increased 4.2 percent for the fourth quarter and 5.7 percent for the twelve months, compared to fiscal 2007 results. Commodity meat sales were significantly higher during fiscal 2008, resulting from heavier bird weights and improved livabilities compared to fiscal 2007. Value-added net sales growth continued despite tonnage declines, reflecting the impact of pricing initiatives throughout fiscal 2008.

Segment profit for JOTS decreased 43.7 percent for the fourth quarter and 26.7 percent for the year compared to fiscal 2007. Higher grain costs were a key driver of the decreased

results throughout fiscal year 2008. Feed related costs for the year increased approximately $167.0 million compared to fiscal 2007, which could not be fully recovered through price increases or the Company's hedging programs. Live production costs were also significantly impacted by higher fuel-related expenses during fiscal 2008. In the latter half of the year, an excess supply of commodity breast meat in the industry also kept pricing low, which had an additional negative impact on profit results for this segment.

Despite the unfavorable market conditions, JOTS remained focused on growing their value-added businesses. In the Retail unit, demand for the *Jennie-O Turkey Store® Oven Ready™* line, *Jennie-O Turkey Store®* tray pack products, and *Jennie-O Turkey Store®* turkey burgers remained strong. Gains were also noted during the 2008 fourth quarter for *Jennie-O Turkey Store®* rotisserie turkey breast in the Deli unit.

Specialty Foods

The Specialty Foods segment had excellent results in fiscal 2008, as net sales increased 20.0 percent for the fourth quarter and 12.3 percent for the twelve months compared to fiscal 2007. Tonnage increased 9.6 percent for the quarter and 5.0 percent for the twelve months compared to 2007. Net sales and tonnage comparisons were positively impacted by the third quarter 2008 acquisition of Boca Grande. In 2008, this acquisition contributed an incremental $7.3 million of net sales and 8.2 million lbs. of tonnage to the fourth quarter results, and $9.8 million of net sales and 11.4 million lbs. of tonnage to the twelve month results.

Specialty Foods segment profit increased 48.8 percent for the fourth quarter and 14.1 percent for the year compared to fiscal 2007. All three operating segments in Specialty Foods contributed to the profit improvement for both the fourth quarter and fiscal year. CFI reported notable increases due to strong sales of blended ingredients, nutritional powders, and ready-to-drink products. HSP gains reflected increased sales in contract manufacturing and savory ingredients. DCB benefited from higher nutritional sales volume, recent pricing advances, and the Boca Grande acquisition.

All Other

All Other net sales increased 34.4 percent for the fourth quarter and 27.3 percent for the year compared to fiscal 2007. Strong HFI export sales of the *SPAM®* family of products and fresh pork were key drivers of the results for both the fourth quarter and fiscal year.

All Other segment profit decreased 7.9 percent and increased 17.0 percent for the quarter and year, respectively, compared to 2007. Following three strong quarters, high raw material and freight costs and the strengthening of the dollar against key currencies caused profit declines for this segment in the 2008 fourth quarter. Pricing advances were able to offset only a portion of these costs increases. Some relief in raw material costs was experienced toward the latter part of the fourth quarter, which provided some margin benefit going into the first quarter of fiscal 2009.

HFI's China operations reported profit declines for both the fourth quarter and year, compared to fiscal 2007. Record high raw material costs and decreased exports were the primary drivers of the decrease.

Unallocated Income and Expenses

The Company does not allocate investment income, interest expense, and interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at corporate. These items are included in the segment table for the purpose of reconciling segment results to earnings before income taxes.

Net interest and investment income for the 2008 fourth quarter and year was a net expense of $27.4 million and $56.1 million, respectively, compared to a net expense of $0.2 million and $14.1 million for the comparable periods of fiscal 2007. Losses on investments held in the Company's rabbi trust for supplemental executive retirement plans and deferred income plans were the key driver of the increased net expense, with investment results down $25.0 million and $35.9 million for the fourth quarter and fiscal year, respectively, compared to 2007. A $2.0 million gain on the dissolution of the Company's Patak's joint venture was also recorded in the fourth quarter of fiscal 2007. Interest expense of $28.0 million for fiscal 2008 was comparable to fiscal 2007. The Company ended the year with $100.0 million outstanding on its short-term line of credit, related to working capital needs. The only other material debt balance at the end of fiscal 2008 related to the Company's $350.0 million senior notes which mature in 2011.

General corporate (expense) income for the 2008 fourth quarter and year was $(3.5) million and $(22.5) million, respectively, compared to $0.2 million and $(22.9) million for the 2007 fourth quarter and twelve months. The increased expense for the quarter was primarily due to a $4.8 million gain on the sale of a Company airplane in the fourth quarter of fiscal 2007. Excluding this gain, expenses declined in

the fourth quarter of fiscal 2008 primarily due to lower inventory valuation adjustments. The decreased expense for the fiscal year also reflected lower benefit-related expenses and lower stock option expense associated with the one-time grant of 100 stock options to all active, full-time employees in fiscal 2007.

Related Party Transactions

Certain employees of the Company provide administrative services to The Hormel Foundation, which beneficially owns more than five percent of the Company's common stock, for which The Hormel Foundation reimburses the Company for its fully allocated cost for the employee time and expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $385.3 million at the end of fiscal year 2009 compared to $154.8 million at the end of fiscal year 2008.

During fiscal 2009, cash provided by operating activities was $550.8 million compared to $271.6 million in 2008. The increase in cash provided by operating activities primarily reflects higher earnings and favorable working capital changes, as the Company focused on decreasing accounts receivable, inventories, and prepaid expense balances during fiscal 2009. These increases were partially offset by $100.0 million of discretionary contributions made to fund the Company's pension plans during fiscal 2009, compared to $13.7 million of discretionary funding during fiscal 2008.

Cash used in investing activities decreased to $85.2 million in fiscal year 2009 from $154.2 million in fiscal year 2008. A lower cash outflow related to acquisition activity was a primary driver of the decrease. The acquisition of Boca Grande for a preliminary purchase price of $23.3 million was completed in fiscal 2008. Expenditures on fixed assets in fiscal 2009 also decreased to $97.0 million from $125.9 million in the prior year. The most significant project during 2009 was the ongoing construction of the Company's new production facility in Dubuque, Iowa. For fiscal 2010, the Company expects capital expenditures to approximate $140.0 to $150.0 million, which exceeds estimated depreciation expense.

Cash used in financing activities was $235.1 million in fiscal 2009 compared to $112.4 million in fiscal 2008. The increase in cash used in financing activities was primarily due to increased payments on short-term debt. The Company ended fiscal 2008 with an outstanding short-term debt balance of $100.0 million primarily related to working capital needs, which was repaid during fiscal 2009. Financing cash flows generated from the Company's stock option plan also decreased $17.8 million compared to the prior year.

Repurchases of common stock continue to be a significant financing activity for the Company, with $38.1 million and $69.6 million used for repurchases in fiscal 2009 and 2008, respectively. During the year, the Company repurchased 1.2 million shares of its common stock at an average price per share of $33.10 under the repurchase plan approved by the Company's Board of Directors in October 2002. These transactions result in a total of 8.9 million shares having been repurchased through October 25, 2009, under the 10.0 million share repurchase authorization.

The Company also paid $101.4 million in dividends to shareholders in fiscal 2009, compared to $95.5 million in fiscal 2008. The dividend rate was $0.76 per share in 2009, which reflected a 2.7 percent increase over the fiscal 2008 rate. The Company has paid dividends for 325 consecutive quarters and expects to continue doing so in the future. The annual dividend rate for fiscal 2010 has been increased to $0.84 cents per share, representing the 44th consecutive annual dividend increase.

Total long-term debt outstanding at the end of fiscal 2009 remained unchanged compared to the prior year at $350.0 million. The Company's long-term debt balance entirely represents senior unsecured notes maturing in 2011. The Company is required, by certain covenants in its debt agreements, to maintain specified levels of financial ratios and financial position. At the end of fiscal 2009, the Company was in compliance with all of these debt covenants.

Cash flows from operating activities continue to provide the Company with its principal source of liquidity. The Company does not anticipate a significant risk to cash flows from this source in the foreseeable future because the Company operates in a relatively stable industry and has strong products across several product lines. Due to the credit market conditions that began in the latter half of fiscal 2008, the Company managed its capital conservatively throughout fiscal 2009. Notable efforts were made throughout the Company to improve working capital balances, and those efforts will continue into 2010. Certain capital projects that were not time critical were delayed in fiscal 2009, but the Company anticipates that capital spending will return to more normalized levels during 2010. The market volatility also impacted the Company's pension plans. Although no material funding is currently required, the Company will continue to evaluate discretionary funding in 2010. Share repurchase and strategic acquisitions that complement the Company's existing product portfolios also remain as options for use of free cash flows during fiscal 2010.

Contractual Obligations and Commercial Commitments

The following table outlines the Company's future contractual financial obligations as of October 25, 2009 (for additional information regarding these obligations, see Note E "Long-term Debt and Other Borrowing Arrangements" and Note H "Commitments and Contingencies"):

Contractual Obligations *(in thousands)*	Payments Due by Periods				
	Total	Less Than 1 Year	1–3 Years	3–5 Years	More Than 5 Years
Purchase obligations:					
Hog and turkey commitments[1]	$3,271,671	$ 828,180	$ 893,198	$519,929	$1,030,364
Grain commitments[1]	45,175	43,196	1,979	0	0
Turkey grow-out contracts[2]	81,926	10,821	13,523	13,184	44,398
Other[3]	127,925	120,693	1,522	761	4,949
Long-term debt	350,000	0	350,000	0	0
Interest payments on long-term debt	46,375	23,188	23,187	0	0
Capital expenditures[4]	60,684	60,684	0	0	0
Leases	54,459	11,951	18,001	10,608	13,899
Other long-term liabilities[5][6]	50,461	4,482	7,961	6,007	32,011
Total Contractual Cash Obligations	$4,088,676	$1,103,195	$1,309,371	$550,489	$1,125,621

(1) In the normal course of business, the Company commits to purchase fixed quantities of livestock and grain from producers to ensure a steady supply of production inputs. Certain of these contracts are based on market prices at the time of delivery, for which the Company has estimated the purchase commitment using current market prices as of October 25, 2009. The Company also utilizes various hedging programs to manage the price risk associated with these commitments. As of October 25, 2009, these hedging programs result in a net decrease of $0.5 million in future cash payments associated with the purchase commitments, which is not reflected in the table above.

(2) The Company also utilizes grow-out contracts with independent farmers to raise turkeys for the Company. Under these contracts, the turkeys, feed, and other supplies are owned by the Company. The farmers provide the required labor and facilities, and receive a fee per pound when the turkeys are delivered. As of October 25, 2009, the Company had approximately 100 active contracts ranging from two to twenty-five years in duration. The grow-out activity is assumed to continue through the term of these active contracts, and amounts in the table represent the Company's obligation based on turkeys expected to be delivered from these farmers.

(3) Amounts presented for other purchase obligations represent all known open purchase orders and all known contracts exceeding $1.0 million, related to the procurement of materials, supplies, and various services. The Company primarily purchases goods and services on an as-needed basis. Therefore, the amounts in the table represent only a portion of expected future cash expenditures.

(4) Amounts presented for capital expenditures represent only the Company's current commitments to complete construction in progress at various locations. The Company estimates total capital expenditures for fiscal year 2010 to approximate $140.0 to $150.0 million.

(5) Other long-term liabilities primarily represent payments under the Company's deferred compensation plans. Minority interest related to the Precept Foods operation is not included in the table above. Also excluded are payments under the Company's defined benefit pension and other post-retirement benefit plans. (See estimated benefit payments for the next ten fiscal years in Note F "Pension and Other Post-retirement Benefits.")

(6) As discussed in Note G "Income Taxes," the total liability for unrecognized tax benefits, including interest and penalties, at October 25, 2009, was $55.8 million, which is not included in the table above as the ultimate amount or timing of settlement of the Company's reserves for income taxes cannot be reasonably estimated.

In addition to the commitments set forth in the above table, at October 25, 2009, the Company had $39.0 million in standby letters of credit issued on behalf of the Company. The standby letters of credit are primarily related to the Company's self-insured workers' compensation programs.

The Company believes its financial resources, including a revolving credit facility for $200.0 million and anticipated funds from operations, will be adequate to meet all current commitments. Although the Company's current credit facility will expire in June 2010, the Company does intend to replace the credit facility during 2010.

Off-Balance Sheet Arrangements

The Company currently provides a revocable standby letter of credit for $3.9 million to guarantee obligations that may arise under workers' compensation claims of an affiliated party. This potential obligation is not reflected on the Company's Consolidated Statements of Financial Position.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking" information within the meaning of the federal securities laws. The "forward-looking" information may include statements concerning the Company's outlook for the future as well as other statements of beliefs, future plans, strategies, or anticipated events and similar expressions concerning matters that are not historical facts.

The Private Securities Litigation Reform Act of 1995 (the Reform Act) provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information. The Company is filing this cautionary statement in connection with the Reform Act. When used in the Company's Annual Report to Stockholders, in filings by the Company with the Securities and Exchange Commission (the Commission), in the Company's press releases, and in oral statements made by the Company's representatives, the words or phrases "should result," "believe," "intend," "plan," "are expected to," "targeted," "will continue," "will approximate," "is anticipated," "estimate," "project," or similar expressions are intended to identify forward-looking statements within the meaning of the Reform Act. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those anticipated or projected.

In connection with the "safe harbor" provisions of the Reform Act, the Company is identifying risk factors that could affect financial performance and cause the Company's actual results to differ materially from opinions or statements expressed with respect to future periods. The following discussion of risk factors contains certain cautionary statements regarding the Company's business, which should be considered by investors and others. The following risk factors should be considered in conjunction with any discussions of operations or results by the Company or its representatives, including any forward-looking discussion, as well as comments contained in press releases, presentations to securities analysts or investors, or other communications by the Company.

In making these statements, the Company is not undertaking, and specifically declines to undertake, any obligation to address or update each or any factor in future filings or communications regarding the Company's business or results, and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. Though the Company has attempted to list comprehensively these important cautionary risk factors, the Company wishes to caution investors and others that other factors may in the future prove to be important in affecting the Company's business or results of operations.

The Company cautions readers not to place undue reliance on forward-looking statements, which represent current views as of the date made. Forward-looking statements are inherently at risk to any changes in the national and worldwide economic environment, which could include, among other things, economic conditions, political developments, currency exchange rates, interest and inflation rates, accounting standards, taxes, and laws and regulations affecting the Company and its markets.

Risk Factors

The Company's Operations Are Subject to the General Risks of the Food Industry

The food products manufacturing industry is subject to the risks posed by:

- food spoilage;
- food contamination caused by disease-producing organisms or pathogens, such as Listeria monocytogenes, Salmonella and generic E. coli.;
- nutritional and health-related concerns;
- federal, state, and local food processing controls;
- consumer product liability claims;
- product tampering; and
- the possible unavailability and/or expense of liability insurance.

The pathogens which may cause food contamination are found generally in the environment and thus may be present in our products as a result of food processing. These pathogens also can be introduced to our products as a result of improper handling by customers or consumers. We do not have control over proper handling procedures once our products have been shipped for distribution. If one or more of these risks were to materialize, the Company's brand and business reputation could be negatively impacted. In addition, revenues could decrease, costs of doing business could increase, and the Company's operating results could be adversely affected.

Deterioration of Economic Conditions Could Harm the Company's Business

The Company's business may be adversely affected by changes in national or global economic conditions, including inflation, interest rates, availability of capital markets, energy availability and costs (including fuel surcharges), and the effects of governmental initiatives to manage economic conditions. Decreases in consumer spending rates and shifts in consumer product preferences could also negatively impact the Company.

The recent volatility in financial markets and the deterioration of national and global economic conditions could impact the Company's operations as follows:

- The financial stability of our customers and suppliers may be compromised, which could result in additional bad debts for the Company or non-performance by suppliers;
- The value of our investments in debt and equity securities may decline, including most significantly the Company's trading securities held as part of a rabbi trust to fund supplemental executive retirement plans and deferred income plans, and the Company's assets held in pension plans; and

- It may become more costly or difficult to obtain financing to fund operations or investment opportunities, or to refinance the Company's debt in the future.

The Company also utilizes hedging programs to reduce its exposure to various commodity market risks, which qualify for hedge accounting for financial reporting purposes. Volatile fluctuations in market conditions could cause these instruments to become ineffective, which could require any gains or losses associated with these instruments to be reported in the Company's earnings each period. These instruments may also limit the Company's ability to benefit from market gains if commodity prices become more favorable than those that have been secured under the Company's hedging programs.

Additionally, if a high pathogenic disease outbreak developed in the United States, it may negatively impact the national economy, demand for Company products, and/or the Company's workforce availability, and the Company's financial results could suffer. The Company has developed contingency plans to address infectious disease scenarios and the potential impact on its operations, and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results. Specifically in regard to the recent outbreak of the H1N1 virus, both the disease itself as well as adverse publicity associated with the inaccurate naming of the disease as "swine flu" could impact future operating results. Perceived risks of the virus may cause a reduced demand for pork or create additional import bans restricting distribution of the Company's products internationally.

Fluctuations in Commodity Prices of Pork, Poultry, and Feed Ingredients Could Harm the Company's Earnings

The Company's results of operations and financial condition are largely dependent upon the cost and supply of pork, poultry, and feed grains as well as the selling prices for many of our products, which are determined by constantly changing market forces of supply and demand.

The live hog industry has evolved to very large, vertically integrated, year-round confinement operations operating under long-term supply agreements. This has resulted in fewer hogs being available on the cash spot market. The decrease in the supply of live hogs on the cash spot market could diminish the utilization of harvest facilities and increase the cost of the raw materials they produce. Consequently, the Company uses long-term supply contracts to ensure a stable supply of raw materials while minimizing extreme fluctuations in costs over the long term. This may result, in the short term, in costs for live hogs that are higher than the cash spot market depending on the relationship of the cash spot market to contract prices. Market-based pricing on certain product lines, and lead time required to implement pricing adjustments, may prevent these cost increases from being recovered, and these higher costs could adversely affect our short-term financial results.

Jennie-O Turkey Store raises turkeys and also contracts with turkey growers to meet its raw material requirements for whole birds and processed turkey products. Additionally, the Company owns various hog raising facilities that supplement its supply of raw materials. Results in these operations are affected by the cost and supply of feed grains, which fluctuate due to climate conditions, production forecasts, and supply and demand conditions at local, regional, national, and worldwide levels. The Company attempts to manage some of its short-term exposure to fluctuations in feed prices by using futures contracts and pursuing pricing advances. However, these strategies may not be adequate to overcome sustained increases in market prices due to alternate uses for feed grains or other systemic changes in the industry.

Outbreaks of Disease Among Livestock and Poultry Flocks Could Harm the Company's Revenues and Operating Margins

The Company is subject to risks associated with the outbreak of disease in pork and beef livestock, and poultry flocks, including Bovine Spongiform Encephalopathy (BSE), pneumovirus, Porcine Circovirus 2 (PCV2), Porcine Reproduction & Respiratory Syndrome (PRRS), Foot-and-Mouth Disease (FMD), and Avian Influenza. The outbreak of disease could adversely affect the Company's supply of raw materials, increase the cost of production, and reduce operating margins. Additionally, the outbreak of disease may hinder the Company's ability to market and sell products both domestically and internationally. The Company has developed business continuity plans for various disease scenarios and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results.

Market Demand for the Company's Products May Fluctuate Due to Competition from Other Producers

The Company faces competition from producers of alternative meats and protein sources, including beef, chicken, and fish. The bases on which the Company competes include:

- price;
- product quality;
- brand identification;
- breadth of product line; and
- customer service.

Demand for the Company's products is also affected by competitors' promotional spending and the effectiveness of the Company's advertising and marketing programs. The Company may be unable to compete successfully on any or all of these bases in the future.

The Company's Operations Are Subject to the General Risks Associated with Acquisitions

The Company has made several acquisitions in recent years including, most recently, Burke and Boca Grande, and regularly reviews opportunities for strategic growth through acquisitions. Potential risks associated with acquisitions include the inability to integrate new operations successfully, the diversion of management's attention from other business concerns, the potential loss of key employees and customers of the acquired companies, the possible assumption of unknown liabilities, potential disputes with the sellers, potential impairment charges if purchase assumptions are not achieved or market conditions decline, and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience. Any or all of these risks could impact the Company's financial results and business reputation. In addition, acquisitions outside the United States may present unique challenges and increase the Company's exposure to the risks associated with foreign operations.

The Company's Operations Are Subject to the General Risks of Litigation

The Company is involved on an ongoing basis in litigation arising in the ordinary course of business. Trends in litigation may include class actions involving competitors, consumers, shareholders, or injured persons, and claims relating to patent infringement, labor, employment, or environmental matters. Litigation trends and the outcome of litigation cannot be predicted with certainty and adverse litigation trends and outcomes could adversely affect the Company's financial results.

Government Regulation, Present and Future, Exposes the Company to Potential Sanctions and Compliance Costs That Could Adversely Affect the Company's Business

The Company's operations are subject to extensive regulation by the U.S. Department of Homeland Security, the U.S. Department of Agriculture, the U.S. Food and Drug Administration, federal and state taxing authorities, and other state and local authorities that oversee workforce immigration laws, tax regulations, food safety standards, and the processing, packaging, storage, distribution, advertising, and labeling of the Company's products. The Company's manufacturing facilities and products are subject to constant inspection by federal, state, and local authorities. Claims or enforcement proceedings could be brought against the Company in the future. Additionally, the Company is subject to new or modified laws, regulations, and accounting standards. The Company's failure or inability to comply with such requirements could subject the Company to civil remedies, including fines, injunctions, recalls, or seizures, as well as potential criminal sanctions.

The Company Is Subject to Stringent Environmental Regulation and Potentially Subject to Environmental Litigation, Proceedings, and Investigations

The Company's past and present business operations and ownership and operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment, and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Compliance with these laws and regulations, and the ability to comply with any modifications to these laws and regulations, is material to the Company's business. New matters or sites may be identified in the future that will require additional investigation, assessment, or expenditures. In addition, some of the Company's facilities have been in operation for many years and, over time, the Company and other prior operators of these facilities may have generated and disposed of wastes that now may be considered hazardous. Future discovery of contamination of property underlying or in the vicinity of the Company's present or former properties or manufacturing facilities and/or waste disposal sites could require the Company to incur additional expenses. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations, could adversely affect the Company's financial results.

The Company's Foreign Operations Pose Additional Risks to the Company's Business

The Company operates its business and markets its products internationally. The Company's foreign operations are subject to the risks described above, as well as risks related to fluctuations in currency values, foreign currency exchange controls, compliance with foreign laws, and other economic or political uncertainties. International sales are subject to risks related to general economic conditions, imposition of tariffs, quotas, trade barriers and other restrictions, enforcement of remedies in foreign jurisdictions and compliance with applicable foreign laws, and other economic and political uncertainties. All of these risks could result in increased costs or decreased revenues, which could adversely affect the Company's financial results.

Deterioration of Labor Relations or Increases in Labor Costs Could Harm the Company's Business

The Company has approximately 18,600 employees, of which approximately 6,300 are represented by labor unions, principally the United Food and Commercial Workers' Union. A significant increase in labor costs or a deterioration of labor relations at any of the Company's facilities that results in work slowdowns or stoppages could harm the Company's financial results. Union contracts at the Company's facilities in Rochelle, Illinois and Vernon, California will expire during fiscal 2010, covering a combined total of approximately 2,100 employees. Negotiations at these facilities have not yet been initiated.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Hog Markets

The Company's earnings are affected by fluctuations in the live hog market. To minimize the impact on earnings, and to ensure a steady supply of quality hogs, the Company has entered into contracts with producers for the purchase of hogs at formula-based prices over periods up to 15 years. Purchased hogs under contract accounted for 93 percent and 91 percent of the total hogs purchased by the Company in fiscal years 2009 and 2008, respectively. The majority of these contracts use market-based formulas based on hog futures, hog primal values, or industry reported hog markets. Under normal, long-term market conditions, changes in the cash hog market are offset by proportional changes in primal values. Therefore, a hypothetical 10 percent change in the cash hog market would have had an immaterial effect on the Company's results of operations.

Certain procurement contracts allow for future hog deliveries (firm commitments) to be forward priced. The Company generally hedges these firm commitments by using hog futures contracts. These futures contracts are designated and accounted for as fair value hedges. The change in the market value of such futures contracts is highly effective at offsetting changes in price movements of the hedged item, and the Company evaluates the effectiveness of the contracts on a regular basis. Changes in the fair value of the futures contracts, along with the gain or loss on the firm commitment, are marked-to-market through earnings and are recorded on the Consolidated Statement of Financial Position as a current asset and liability, respectively. The fair value of the Company's open futures contracts as of October 25, 2009, was $(1.8) million compared to $15.8 million as of October 26, 2008.

The Company measures its market risk exposure on its hog futures contracts using a sensitivity analysis, which considers a hypothetical 10 percent change in market prices. A 10 percent increase in market prices would have negatively impacted the fair value of the Company's October 25, 2009, open contracts by $8.3 million, which in turn would lower the Company's future cost of purchased hogs by a similar amount.

Turkey and Hog Production Costs

The Company raises or contracts for live turkeys and hogs to meet some of its raw material supply requirements. Production costs in raising turkeys and hogs are subject primarily to fluctuations in feed prices, and to a lesser extent, fuel costs. Under normal, long-term market conditions, changes in the cost to produce turkeys and hogs are offset by proportional changes in their respective markets.

To reduce the Company's exposure to changes in grain prices, the Company utilizes a hedge program to offset the fluctuation in the Company's future direct grain purchases. This program utilizes corn and soybean meal futures and swaps, and these contracts are accounted for under cash flow hedge accounting. The open contracts are reported at their fair value with an unrealized loss of $3.0 million, before tax, on the Consolidated Statement of Financial Position as of October 25, 2009, compared to an unrealized loss of $63.3 million, before tax, as of October 26, 2008.

The Company measures its market risk exposure on its grain futures contracts and swaps using a sensitivity analysis, which considers a hypothetical 10 percent change in the market prices for grain. A 10 percent decrease in the market price for grain would have negatively impacted the fair value of the Company's October 25, 2009, open grain contracts by $12.9 million, which in turn would lower the Company's future cost on purchased grain by a similar amount.

Natural Gas

Production costs at the Company's plants and feed mills are also subject to fluctuations in fuel costs. To reduce the Company's exposure to changes in natural gas prices, the Company utilizes a hedge program to offset the fluctuation in the Company's future natural gas purchases. This program utilizes natural gas swaps, and these contracts are accounted for under cash flow hedge accounting. The open contracts are reported at their fair value with an unrealized loss of $10.9 million, before tax, on the Consolidated Statement of Financial Position as of October 25, 2009, compared to an unrealized loss of $10.2 million, before tax, as of October 26, 2008.

The Company measures its market risk exposure on its natural gas contracts using a sensitivity analysis, which considers a hypothetical 10 percent change in the market prices for natural gas. A 10 percent decrease in the market price for natural gas would have negatively impacted the fair value of the Company's October 25, 2009, open natural gas contracts by $2.8 million, which in turn would lower the Company's future cost on natural gas purchases by a similar amount.

Long-Term Debt

A principal market risk affecting the Company is the exposure to changes in interest rates on the Company's fixed-rate, long-term debt. As of October 25, 2009, fixed-rate debt totaled $350.0 million at 6.625 percent. Market risk for fixed-rate, long-term debt is estimated as the potential increase in fair value, resulting from a hypothetical 10 percent decrease in interest rates, and amounts to approximately $1.3 million. The fair values of the Company's long-term debt were estimated using discounted future cash flows based on the Company's incremental borrowing rates for similar types of borrowing arrangements.

Investments

The Company holds trading securities as part of a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans. The Company is subject to market risk due to fluctuations in the value of these investments, as unrealized gains and losses associated with these securities are included in the Company's net earnings on a mark-to-market basis. As of October 25, 2009, the balance of these securities totaled $103.8 million. As losses on these securities are not tax deductible, a 10 percent decline in the value of these assets would have a direct negative impact to the Company's net earnings of approximately $10.4 million, while a 10 percent increase in value would have a positive impact of the same amount. The Company has begun to transition the majority of this portfolio to more fixed return investments to reduce the exposure to volatility in equity markets going forward.

International

The fair values of certain Company assets are subject to fluctuations in foreign currencies. The Company's net asset position in foreign currencies as of October 25, 2009, was $128.7 million, with most of the exposure existing in Philippine pesos and Chinese yuan. Changes in currency exchange rates impact the fair values of Company assets either currently through the Consolidated Statement of Operations, as currency gains/losses, or by affecting other comprehensive loss.

The Company measures its foreign currency exchange risk by using a 10 percent sensitivity analysis on the Company's primary foreign net asset position, the Philippine peso, as of October 25, 2009. A 10 percent strengthening in the value of the peso relative to the U.S. dollar would result in other comprehensive income of $5.7 million pre-tax. A 10 percent weakening in the value of the peso relative to the U.S. dollar would result in other comprehensive loss of the same amount.

REPORT OF MANAGEMENT

Management's Responsibility for Financial Statements

The accompanying financial statements were prepared by the management of Hormel Foods Corporation which is responsible for their integrity and objectivity. These statements have been prepared in accordance with U.S. generally accepted accounting principles appropriate in the circumstances and, as such, include amounts that are based on our best estimates and judgments.

Hormel Foods Corporation has developed a system of internal controls designed to assure that the records reflect the transactions of the Company and that the established policies and procedures are adhered to. This system is augmented by well-communicated written policies and procedures, a strong program of internal audit, and well-qualified personnel.

These financial statements have been audited by Ernst & Young LLP, an independent registered public accounting firm, and their report is included herein. The audit was conducted in accordance with the Public Company Accounting Oversight Board (United States) and includes a review of the Company's accounting and financial controls and tests of transactions.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with the independent auditors, management, and the internal auditors to assure that each is carrying out its responsibilities. Both Ernst & Young LLP and our internal auditors have full and free access to the Audit Committee, with or without the presence of management, to discuss the results of their audit work and their opinions on the adequacy of internal controls and the quality of financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of Hormel Foods Corporation is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a–15(f). The Company's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting standards. Under the supervision, and with the participation of management, including the chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control—Integrated Framework*, we concluded that our internal control over financial reporting was effective as of October 25, 2009. Our internal control over financial reporting as of October 25, 2009, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Jeffrey M. Ettinger

Jeffrey M. Ettinger
Chairman of the Board,
President and
Chief Executive Officer

Jody H. Feragen

Jody H. Feragen
Senior Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Hormel Foods Corporation
Austin, Minnesota

We have audited Hormel Foods Corporation's internal control over financial reporting as of October 25, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Hormel Foods Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management entitled Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hormel Foods Corporation maintained, in all material respects, effective internal control over financial reporting as of October 25, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Hormel Foods Corporation as of October 25, 2009, and October 26, 2008, and the related consolidated statements of operations, changes in shareholders' investment, and cash flows for each of the three years in the period ended October 25, 2009 and our report dated December 16, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Minneapolis, Minnesota
December 16, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Hormel Foods Corporation
Austin, Minnesota

We have audited the accompanying consolidated statements of financial position of Hormel Foods Corporation as of October 25, 2009, and October 26, 2008, and the related consolidated statements of operations, changes in shareholders' investment, and cash flows for each of the three years in the period ended October 25, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hormel Foods Corporation at October 25, 2009, and October 26, 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 25, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note F of the Notes to Consolidated Financial Statements, effective October 28, 2007, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132(R)" (codified primarily in FASB ASC 715). Also, effective October 27, 2008, the Company adopted the measurement provision originally issued in SFAS No. 158. In addition, as discussed in Note G, effective October 29, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" (codified primarily in FASB ASC 740). As described in Note A, effective October 27, 2008, the Company changed its method of accounting for shipping and handling costs.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hormel Foods Corporation's internal control over financial reporting as of October 25, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 16, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Minneapolis, Minnesota
December 16, 2009

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands)	October 25, 2009	October 26, 2008
Assets		
Current Assets		
Cash and cash equivalents	$ 385,252	$ 154,778
Accounts receivable (net of allowance for doubtful accounts of $4,064 at October 25, 2009 and $3,144 at October 26, 2008)	372,292	411,010
Inventories	722,371	784,542
Deferred income taxes	66,435	45,948
Prepaid expenses	9,130	11,451
Other current assets	19,253	30,449
Total Current Assets	1,574,733	1,438,178
Deferred Income Taxes	122,007	89,249
Goodwill	620,155	619,325
Other Intangibles	140,854	151,219
Pension Assets	29,663	91,773
Investments in and Receivables from Affiliates	86,599	93,617
Other Assets	165,331	155,453
Property, Plant and Equipment		
Land	52,952	52,940
Buildings	723,553	662,519
Equipment	1,317,845	1,275,175
Construction in progress	41,722	78,083
	2,136,072	2,068,717
Less allowance for depreciation	(1,183,359)	(1,091,060)
	952,713	977,657
Total Assets	$ 3,692,055	$ 3,616,471
Liabilities and Shareholders' Investment		
Current Liabilities		
Accounts payable	$ 313,258	$ 378,520
Notes payable/Short-term debt	0	100,000
Accrued expenses	40,289	17,837
Accrued workers compensation	29,421	26,825
Accrued marketing expenses	70,452	60,223
Employee related expenses	181,531	153,616
Taxes payable	15,127	9,577
Interest and dividends payable	34,951	34,635
Total Current Liabilities	685,029	781,233
Long-Term Debt—less current maturities	350,000	350,000
Pension and Post-Retirement Benefits	429,800	386,590
Other Long-Term Liabilities	103,774	91,076
Shareholders' Investment		
Preferred stock, par value $.01 a share—authorized 80,000,000 shares; issued—none		
Common stock, nonvoting, par value $.01 a share—authorized 200,000,000 shares; issued—none		
Common stock, par value $.0586 a share—authorized 400,000,000 shares; issued 133,593,719 shares October 25, 2009 issued 134,520,581 shares October 26, 2008	7,828	7,883
Accumulated other comprehensive loss	(202,766)	(113,184)
Retained earnings	2,318,390	2,112,873
Total Shareholders' Investment	2,123,452	2,007,572
Total Liabilities and Shareholders' Investment	$ 3,692,055	$ 3,616,471

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended		
(in thousands, except per share amounts)	October 25, 2009	October 26, 2008*	October 28, 2007*
Net sales	$6,533,671	$6,754,903	$6,193,032
Cost of products sold	5,434,800	5,692,974	5,190,231
Gross Profit	1,098,871	1,061,929	1,002,801
Selling, general and administrative	567,085	552,503	522,351
Equity in earnings of affiliates	1,628	4,235	3,470
Operating Income	533,414	513,661	483,920
Other income and expense:			
Interest and investment income (loss)	19,563	(28,102)	13,624
Interest expense	(27,995)	(28,023)	(27,707)
Earnings Before Income Taxes	524,982	457,536	469,837
Provision for income taxes	182,169	172,036	167,945
Net Earnings	$ 342,813	$ 285,500	$ 301,892
Net Earnings Per Share:			
Basic	$ 2.55	$ 2.11	$ 2.20
Diluted	$ 2.53	$ 2.08	$ 2.17
Weighted Average Shares Outstanding:			
Basic	134,227	135,360	137,216
Diluted	135,489	137,128	139,151

*Includes retrospective reclassification of shipping and handling expenses to cost of products sold from selling, general and administrative (See Note A).

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' INVESTMENT

(in thousands, except per share amounts)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Investment
Balance at October 29, 2006	137,640	$8,066	(300)	$(10,867)	$ 2,507	$1,821,202	$ (17,996)	$1,802,912
Comprehensive income								
Net earnings						301,892		301,892
Foreign currency translation							6,422	6,422
Unrealized loss on available-for-sale securities							(381)	(381)
Deferred hedging, net of reclassification adjustment							3,722	3,722
Adjustment in minimum pension liability							6,410	6,410
Comprehensive income								318,065
Provena acquisition	287	17			10,942			10,959
ASC 715 transition adjustment (net of $61,827 tax effect)							(99,988)	(99,988)
Purchases of common stock			(2,390)	(86,794)				(86,794)
Stock-based compensation expense					14,214			14,214
Exercise of stock options/nonvested shares	421	25	19	684	7,182			7,891
Shares retired	(2,671)	(157)	2,671	96,977	(34,845)	(61,975)		0
Cash dividends—$.60 per share						(82,476)		(82,476)
Balance at October 28, 2007	135,677	$7,951	0	$ 0	$ 0	$1,978,643	$(101,811)	$1,884,783
Comprehensive income								
Net earnings						285,500		285,500
Foreign currency translation							(399)	(399)
Deferred hedging, net of reclassification adjustment							(42,910)	(42,910)
Pension and other benefits							31,936	31,936
Comprehensive income								274,127
Adoption of ASC 740 accounting for uncertain tax positions						(8,985)		(8,985)
Purchases of common stock			(1,906)	(69,551)				(69,551)
Stock-based compensation expense					14,460			14,460
Exercise of stock options/nonvested shares	754	44	(4)	(154)	12,580			12,470
Shares retired	(1,910)	(112)	1,910	69,705	(27,040)	(42,553)		0
Cash dividends—$.74 per share						(99,732)		(99,732)
Balance at October 26, 2008	134,521	$7,883	0	$ 0	$ 0	$2,112,873	$(113,184)	$2,007,572
Comprehensive income								
Net earnings						342,813		342,813
Foreign currency translation							(850)	(850)
Deferred hedging, net of reclassification adjustment							27,763	27,763
Pension and other benefits							(117,954)	(117,954)
Comprehensive income								251,772
ASC 715 measurement date adjustment (net of $912 tax effect)						(11,793)	1,459	(10,334)
Purchases of common stock			(1,153)	(38,147)				(38,147)
Stock-based compensation expense					12,054			12,054
Exercise of stock options/nonvested shares	226	13	0	(15)	2,553			2,551
Shares retired	(1,153)	(68)	1,153	38,162	(14,607)	(23,487)		0
Cash dividends—$.76 per share						(102,016)		(102,016)
Balance at October 25, 2009	133,594	$7,828	0	$ 0	$ 0	$2,318,390	$(202,766)	$2,123,452

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
(in thousands)	October 25, 2009	October 26, 2008	October 28, 2007
Operating Activities			
Net earnings	$ 342,813	$ 285,500	$ 301,892
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation	116,774	114,636	114,618
Amortization of intangibles	10,364	11,553	12,120
Equity in earnings of affiliates	(4,793)	(7,370)	(5,399)
Provision for deferred income taxes	(311)	(9,713)	(6,529)
Loss (gain) on property/equipment sales and plant facilities	128	1,929	(4,088)
Gain on dissolution of joint venture	(3,591)	0	0
Non-cash investment activities	(3,555)	32,966	(5,298)
Stock-based compensation expense	12,054	14,460	14,214
Excess tax benefit from stock-based compensation	(1,313)	(10,170)	(4,946)
Changes in operating assets and liabilities, net of acquisitions:			
Decrease (increase) in accounts receivable	38,718	(42,844)	(9,806)
Decrease (increase) in inventories	62,116	(135,308)	(62,877)
Decrease (increase) in prepaid expenses and other current assets	61,470	(25,391)	3,808
(Decrease) increase in pension and post-retirement benefits	(85,947)	3,920	17,807
Increase (decrease) in accounts payable and accrued expenses	5,842	37,454	(33,646)
Net Cash Provided by Operating Activities	550,769	271,622	331,870
Investing Activities			
Sale of available-for-sale securities	6,270	151,308	576,456
Purchase of available-for-sale securities	(2,371)	(155,207)	(576,456)
Acquisitions of businesses/intangibles	(701)	(27,225)	(125,101)
Purchases of property/equipment	(96,961)	(125,890)	(125,795)
Proceeds from sales of property/equipment	5,003	3,185	11,689
Decrease (increase) in investments, equity in affiliates, and other assets	3,532	(1,366)	(22,321)
Dividends from affiliates	0	970	730
Net Cash Used in Investing Activities	(85,228)	(154,225)	(260,798)
Financing Activities			
Proceeds from short-term debt	0	160,000	155,000
Principal payments on short-term debt	(100,000)	(130,000)	(87,576)
Principal payments on long-term debt	0	(54)	(6,341)
Dividends paid on common stock	(101,376)	(95,531)	(81,092)
Share repurchase	(38,147)	(69,551)	(86,794)
Proceeds from exercise of stock options	2,387	11,297	6,156
Excess tax benefit from stock-based compensation	1,313	10,170	4,946
Other	756	1,301	1,893
Net Cash Used in Financing Activities	(235,067)	(112,368)	(93,808)
Increase (Decrease) in Cash and Cash Equivalents	230,474	5,029	(22,736)
Cash and cash equivalents at beginning of year	154,778	149,749	172,485
Cash and Cash Equivalents at End of Year	$ 385,252	$ 154,778	$ 149,749

See notes to consolidated financial statements.

NOTE A
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Hormel Foods Corporation (the Company) and all of its majority-owned subsidiaries after elimination of intercompany accounts, transactions, and profits.

Reclassifications

Certain reclassifications of previously reported amounts have been made to conform to the current year presentation and to conform with recent accounting pronouncements and guidance. The reclassifications had no impact on net earnings or operating cash flows, as previously reported.

In June 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification 105, *Generally Accepted Accounting Principles* (ASC 105). This standard establishes the FASB Accounting Standards Codification (ASC) as the sole source of authoritative U.S. generally accepted accounting principles (GAAP). The ASC superseded all existing GAAP upon its effective date. ASC 105 was effective for interim or annual reporting periods ending after September 15, 2009, and therefore the Company has updated references to GAAP in its consolidated financial statements for the fiscal year ended October 25, 2009. Adoption of this standard did not have an impact on consolidated net earnings, cash flows, or financial position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fiscal Year

The Company's fiscal year ends on the last Sunday in October. Fiscal years 2009, 2008, and 2007 consisted of 52 weeks.

Subsequent Events

The Company has evaluated all subsequent events through December 16, 2009, which is the date that the accompanying financial statements are being issued.

Cash and Cash Equivalents

The Company considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents. The Company's cash equivalents as of October 25, 2009, and October 26, 2008, consisted entirely of money market funds rated AAA.

Investments

The Company maintains a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans, which is included in other assets on the Consolidated Statements of Financial Position. The securities held by the trust are classified as trading securities and therefore, unrealized gains and losses associated with these investments are included in the Company's earnings. Gains related to securities still held by the trust were $15.3 million for the fiscal year ended October 25, 2009. The Company has begun to transition the majority of this portfolio to more fixed return investments to reduce the exposure to volatility in equity markets going forward.

Supplemental Cash Flow Information

Non-cash investment activities presented on the Consolidated Statements of Cash Flows generally consist of unrealized gains or losses on the Company's rabbi trust investments, amortization of affordable housing investments, and amortization of bond financing costs. Additionally, the Company had a $7.9 million negative reserve adjustment related to supplier contracts in fiscal 2009 and a $2.4 million investment write-off in fiscal 2008. The noted investments are included in other assets on the Consolidated Statements of Financial Position. Changes in the value of these investments are included in the Company's net earnings and are presented in the Consolidated Statements of Operations as cost of products sold, interest and investment income, or interest expense, as appropriate.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally under the average cost method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. The Company generally uses the straight-line method in computing depreciation. The annual provisions for depreciation have been computed principally using the following ranges of asset lives: buildings 20 to 40 years, machinery and equipment 5 to 10 years.

Software development and implementation costs are expensed until the Company has determined that the software will result in probable future economic benefits, and management has committed to funding the project. Thereafter, all qualified external implementation costs, and purchased software costs, are capitalized and amortized using the straight-line method over the remaining estimated useful lives, not exceeding five years.

Goodwill and Intangibles

Goodwill and other intangibles are originally recorded at their estimated fair values at date of acquisition, and are allocated to reporting units that will receive the related sales and income. The Company's reporting units represent operating segments (aggregations of business units that have similar economic characteristics and share the same production facilities, raw materials, and labor force). Goodwill and indefinite-lived intangibles are tested annually for impairment, or more frequently if impairment indicators arise. Definite-lived intangibles are amortized over their estimated useful lives and are evaluated for impairment annually, or more frequently if impairment indicators are present, using a process similar to that used to test long-lived assets for impairment.

Impairment of Long-lived Assets

The Company reviews long-lived assets and definite-lived intangibles for impairment annually, or more frequently when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the assets and any related goodwill, the carrying value is reduced to the estimated fair value. No material write-downs were recorded in fiscal years 2009, 2008, or 2007.

Foreign Currency Translation

Assets and liabilities denominated in foreign currency are translated at the current exchange rate as of the statement of financial position date, and amounts in the statement of operations are translated at the average monthly exchange rate. Translation adjustments resulting from fluctuations in exchange rates are recorded as a component of accumulated other comprehensive loss in shareholders' investment.

When calculating foreign currency translation, the Company deemed its foreign investments to be permanent in nature and has not provided for taxes on currency translation adjustments arising from converting the investment in a foreign currency to U.S. dollars.

Derivatives and Hedging Activity

The Company uses commodity and currency positions to manage its exposure to price fluctuations in those markets. The contracts are recorded at fair value on the Consolidated Statements of Financial Position within other current assets or accounts payable. Additional information on hedging activities is presented in Note J.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

(in thousands)	Foreign Currency Translation	Minimum Pension Liability	Pension & Other Benefits	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) —Hedging	Accumulated Other Comprehensive Loss
Balance at October 29, 2006	$ (948)	$(15,966)	n/a	$ 381	$ (1,463)	$ (17,996)
Unrecognized gains (losses)	6,422	10,341		(611)	(1,802)	14,350
Reclassification into net earnings					7,943	7,943
Tax effect		(3,931)		230	(2,419)	(6,120)
Net of tax amount	6,422	6,410	0	(381)	3,722	16,173
ASC 715 transition adjustment (net of $61,827 tax effect)		9,556	(109,544)			(99,988)
Balance at October 28, 2007	$5,474	$ 0	$(109,544)	$ 0	$ 2,259	$(101,811)
Unrecognized (losses) gains	(399)		37,200		(29,525)	7,276
Reclassification into net earnings			13,920		(40,216)	(26,296)
Tax effect			(19,184)		26,831	7,647
Net of tax amount	(399)	0	31,936	0	(42,910)	(11,373)
Balance at October 26, 2008	$5,075	$ 0	$ (77,608)	$ 0	$(40,651)	$(113,184)
Unrecognized losses	(850)		(200,150)		(8,323)	(209,323)
Reclassification into net earnings			9,200		55,053	64,253
Tax effect			72,996		(18,967)	54,029
Net of tax amount	(850)	0	(117,954)	0	27,763	(91,041)
ASC 715 measurement date adjustment (net of $912 tax effect)			1,459			1,459
Balance at October 25, 2009	$4,225	$ 0	$(194,103)	$ 0	$(12,888)	$(202,766)

Equity Method Investments

The Company has a number of investments in joint ventures where its voting interests are in excess of 20 percent but not greater than 50 percent. The Company accounts for such investments under the equity method of accounting, and its underlying share of each investee's equity is reported in the Consolidated Statements of Financial Position as part of investments in and receivables from affiliates. Significant equity method investments include a 40 percent ownership interest in a Philippines joint venture, Purefoods-Hormel Company, which had a book value of $56.6 million at October 25, 2009 and $55.8 million at October 26, 2008, and a 49 percent ownership interest in a Vietnam joint venture, San Miguel Purefoods (Vietnam) Co. Ltd., which had a book value of $21.8 million at October 25, 2009 and $22.0 million at October 26, 2008. Both investments are included in the All Other segment for purposes of measuring segment assets and profits.

The Company regularly monitors and evaluates the fair value of our equity investments. If events and circumstances indicate that a decline in the fair value of these assets has occurred and is other than temporary, the Company will record a charge in equity in earnings of affiliates in the Consolidated Statements of Operations. The Company's equity investments do not have a readily determinable fair value as none of them are publicly traded. The fair values of the Company's private equity investments are determined by discounting the estimated future cash flows of each entity. These cash flow estimates include assumptions on growth rates and future currency exchange rates. The Company did not record an impairment charge on any of its equity investments in fiscal years 2009, 2008, or 2007.

On October 26, 2009, subsequent to the end of the fiscal year, the Company completed the formation of MegaMex Foods, LLC, a joint venture which will market Mexican foods in the United States. Formation of the joint venture will require an incremental cash investment of $23.0 million by the Company in the first quarter of fiscal 2010. The Company will have a 50 percent ownership interest in this joint venture, and the investment will be included in the Grocery Products segment.

Revenue Recognition

The Company recognizes sales when title passes upon delivery of its products to customers, net of applicable provisions for discounts, returns, and allowances. Products are delivered upon receipt of customer purchase orders with acceptable terms, including price and collectability that is reasonably assured.

The Company offers various sales incentives to customers and consumers. Incentives that are offered off-invoice include prompt pay allowances, spoilage allowances, and temporary price reductions. These incentives are recognized as reduction of revenue at the time title passes. Coupons are used as an incentive for consumers to purchase various products. The coupons reduce revenues at the time they are offered, based on estimated redemption rates. Promotional contracts are performed by customers to promote the Company's products to the consumers. These incentives reduce revenues at the time of performance through direct payments and accrued promotional funds. Accrued promotional funds are unpaid liabilities for promotional contracts in process or completed at the end of a quarter or fiscal year. Promotional contract accruals are based on a review of the unpaid outstanding contracts on which performance has taken place. Estimates used to determine the revenue reduction include the level of customer performance and the historical spend rate versus contracted rates.

Advertising Expenses

Advertising costs are expensed when incurred. Advertising expenses include all media advertising but exclude the costs associated with samples and market research. Advertising costs for fiscal years 2009, 2008, and 2007 were $93.6 million, $98.5 million, and $90.3 million, respectively.

Shipping and Handling Costs

In the first quarter of fiscal 2009, the Company changed its method of accounting for shipping and handling expenses and reclassified them from selling, general and administrative to cost of products sold. This presentation is preferable because the inclusion of shipping and handling expenses in cost of products sold better reflects the cost of producing and distributing the Company's products. It also enhances the comparability of the financial statements with our industry peers. As required by U.S. generally accepted accounting principles, the change has been reflected in the Consolidated Statements of Operations through retrospective application of the change in accounting principle. The change resulted in a decrease in selling, general and administrative (and a corresponding increase in cost of products sold) for fiscal years 2008 and 2007 of $459.8 million and $411.7 million, respectively. The change did not impact net earnings or net earnings per share as previously reported.

Research and Development Expenses

Research and development costs are expensed as incurred and are included in administrative and general expenses. Research and development expenses incurred for fiscal years 2009, 2008, and 2007 were $25.4 million, $22.7 million, and $21.5 million, respectively.

Income Taxes

The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable

based on enacted tax law. Changes in enacted tax rates are reflected in the tax provision as they occur.

Beginning in fiscal year 2008, the Company adopted the provisions of ASC 740, *Income Taxes*. In accordance with this standard, the Company recognizes a tax position in its financial statements when it is more likely than not that the position will be sustained upon examination based on the technical merits of the position. That position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

Employee Stock Options

The Company records stock-based compensation expense in accordance with ASC 718, *Compensation—Stock Compensation*. For options subject to graded vesting, the Company recognizes stock-based compensation expense ratably over the shorter of the vesting period or requisite service period. Stock-based compensation expense for grants made to retirement-eligible employees is recognized on the date of grant.

Share Repurchases

On October 2, 2002, the Company announced that its Board of Directors had authorized the Company to repurchase up to 10.0 million shares of common stock with no expiration date. Under this repurchase plan, the Company repurchased 1.2 million shares of its common stock at an average price per share of $33.10 during fiscal 2009, 1.9 million shares at an average price per share of $36.48 during fiscal 2008, and 2.4 million shares at an average price per share of $36.31 during fiscal 2007. In total, 8.9 million shares have been repurchased through October 25, 2009, under the current share repurchase authorization.

Earnings Per Share

Basic earnings per share are computed using the weighted average common shares outstanding. Diluted earnings per share are computed using the weighted average common shares outstanding after adjusting for potential common shares from stock options. For all years presented, the reported net earnings were used when computing basic and diluted earnings per share. A reconciliation of the shares used in the computation is as follows:

(in thousands)	2009	2008	2007
Basic weighted average shares outstanding	134,227	135,360	137,216
Dilutive potential common shares	1,262	1,768	1,935
Diluted weighted average shares outstanding	135,489	137,128	139,151

For fiscal years 2009, 2008, and 2007, a total of 5.0 million, 3.6 million, and 2.5 million weighted average outstanding stock options, respectively, were not included in the computation of dilutive potential common shares since their inclusion would have had an antidilutive effect on earnings per share.

Accounting Changes and Recent Accounting Pronouncements

In May 2009, the FASB issued new guidance for subsequent events within ASC 855, *Subsequent Events*. The new guidance establishes the accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued (or available to be issued). The guidance also requires disclosure of the date through which subsequent events have been evaluated, and the basis for that date. The new guidance was effective for interim or annual financial periods ending after June 15, 2009, and therefore, the Company adopted the required provisions in the third quarter of fiscal 2009.

In March 2008, the FASB issued an update to ASC 815, *Derivatives and Hedging* (ASC 815). The update amends and expands the disclosure requirements previously required for derivative instruments and hedging activities. ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The updated guidance was effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company adopted the updated provisions of ASC 815 in the second quarter of fiscal 2009, and the required disclosures are provided in Note J—Derivatives and Hedging. Adoption did not impact consolidated net earnings, cash flows, or financial position.

In December 2007, the FASB issued an update to ASC 805, *Business Combinations* (ASC 805). The update establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. The updated guidance is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Generally, the effect of ASC 805 will depend on future acquisitions. However, the accounting for any tax uncertainties will be subject to the provisions of the standard upon adoption. The Company will adopt the

provisions of ASC 805 at the beginning of fiscal 2010, and does not anticipate a material impact to consolidated net earnings, cash flows, or financial position.

In December 2007, the FASB also updated the guidance within ASC 810, *Consolidation* (ASC 810). The update establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends the requirements for certain consolidation procedures for consistency with the requirements of ASC 805. The updated guidance is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The Company will adopt the provisions of ASC 810 at the beginning of fiscal 2010, and is currently assessing the impact of adopting this accounting standard.

In February 2007, the FASB issued an update to ASC 825, *Financial Instruments* (ASC 825). The update permits entities to choose to measure many financial instruments and certain other items at fair value, which provides the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently, without having to apply complex hedge accounting provisions. The updated guidance was effective for fiscal years beginning after November 15, 2007, and therefore, the Company adopted the provisions of ASC 825 at the beginning of fiscal 2009. Adoption did not impact consolidated net earnings, cash flows, or financial position, as the Company did not elect the fair value option.

In September 2006, the FASB issued ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). The standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements, and does not require any new fair value measurements. This standard was effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. However, the provisions of ASC 820 allowed for deferral of adoption by one year for nonfinancial assets and liabilities measured at fair value that are recognized or disclosed on a nonrecurring basis (e.g., goodwill, intangible assets, and long-lived assets measured at fair value for impairment testing or nonfinancial assets and liabilities initially measured at fair value during a business combination). Therefore, the Company adopted ASC 820 at the beginning of fiscal 2009 for its financial assets and liabilities. Adoption did not impact net earnings, cash flows, or financial position, but resulted in additional disclosures. (See further discussion in Note K—Fair Value Measurements.) Subject to the allowed deferral, the Company will apply the provisions of ASC 820 to its nonfinancial assets and liabilities in fiscal 2010, and is currently assessing the impact of this adoption.

In September 2006, the FASB also issued an update to ASC 715, *Compensation—Retirement Benefits* (ASC 715). For fiscal years ending after December 15, 2008, ASC 715 requires plan sponsors to measure defined benefit plan assets and obligations as of the date of the plan sponsor's fiscal year end statement of financial position. The Company adopted these measurement date provisions at the beginning of fiscal 2009, and elected to use the 15 month alternative measurement approach as an August 1 measurement date had previously been used. The Company recognized an $11.8 million decrease in retained earnings, an $8.4 million increase in pension and post-retirement benefits, a $1.5 million decrease in accumulated other comprehensive loss, a $1.0 million decrease in pension assets, and a $0.9 million increase in deferred tax liabilities, upon adoption.

NOTE B
ACQUISITIONS AND DIVESTITURES

On June 13, 2008, the Company purchased Boca Grande Foods, Inc. (Boca Grande) for a purchase price of $23.5 million cash, including related costs. Boca Grande manufactures, sells, and distributes liquid portion products, and operates a facility in Duluth, Georgia. This acquisition provides additional capacity, production capabilities, and customers for liquid portion products for Diamond Crystal Brands within the Specialty Foods segment.

On August 22, 2007, the Company purchased privately-held Burke Corporation (Burke) for $115.1 million cash, including related costs. Burke is a manufacturer and marketer of pizza toppings and other fully cooked meat products, and operates facilities in Nevada, Iowa, and Ames, Iowa. Operating results for Burke are included in the Refrigerated Foods segment.

On December 15, 2006, the Company completed the acquisition of Provena Foods Inc. (Provena). Provena was a publicly traded Company based in Chino, California, and provides pepperoni and pasta to pizza makers and packaged food manufacturers. Under the terms of the agreement, each outstanding share of Provena common stock was converted into 0.08 shares of Hormel Foods Corporation common stock, resulting in the issuance of 287,473 shares of the Company's common stock at $38.12 per share. The transaction has a total value of $11.7 million in cash and stock, plus the assumption of various liabilities. Operating results for Provena are included in the Refrigerated Foods segment.

On November 10, 2006, the Company acquired the assets of Saag's Products, Inc. (Saag's) for $13.7 million cash, including related costs. Saag's is based in San Leandro, California, and is a processor and marketer of branded, premium quality gourmet sausages and specialty smoked meats. Operating results for Saag's are included in the Refrigerated Foods segment. The purchase price is preliminary pending

the accrual of potential earn-outs that may be earned over the five-year period following the acquisition.

Operating results for each completed acquisition above are included in the Company's Consolidated Statements of Operations from the date of acquisition. Pro forma results of operations are not presented, as no acquisitions in fiscal 2008 or 2007 were considered material, individually or in the aggregate, to the consolidated Company.

NOTE C
INVENTORIES

Principal components of inventories are:

(in thousands)	October 25, 2009	October 26, 2008
Finished products	$402,855	$431,095
Raw materials and work-in-process	185,387	215,353
Materials and supplies	134,129	138,094
Total	$722,371	$784,542

NOTE D
GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the fiscal years ended October 25, 2009, and October 26, 2008, are presented in the table below. Additions and adjustments during fiscal 2009 relate to finalizing the Boca Grande acquisition and to the accrual of earn-out payments related to the acquisition of Saag's. Goodwill acquired and purchase adjustments during fiscal year 2008 primarily relate to the Boca Grande acquisition and to finalizing Burke appraisals and working capital valuations.

(in thousands)	Grocery Products	Refrigerated Foods	JOTS	Specialty Foods	All Other	Total
Balance as of October 28, 2007	$123,364	$73,780	$203,214	$194,724	$674	$595,756
Goodwill acquired		4,181		11,864		16,045
Purchase adjustments	(48)	7,576		(4)		7,524
Balance as of October 26, 2008	$123,316	$85,537	$203,214	$206,584	$674	$619,325
Goodwill acquired		386		304		690
Purchase adjustments				140		140
Balance as of October 25, 2009	$123,316	$85,923	$203,214	$207,028	$674	$620,155

The gross carrying amount and accumulated amortization for definite-lived intangible assets are presented in the table below.

	October 25, 2009			October 26, 2008		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life (in Years)
Proprietary software & technology	$23,800	(11,467)	8.9	$24,200	(8,986)	8.8
Customer lists/relationships	19,678	(7,794)	9.5	21,078	(6,936)	9.2
Formulas & recipes	17,104	(9,802)	9.2	20,604	(11,405)	8.9
Non-compete covenants	7,020	(5,197)	4.5	20,120	(16,734)	4.7
Distribution network	4,120	(2,541)	10.0	4,120	(2,127)	10.0
Other intangibles	7,230	(3,691)	7.3	8,630	(3,829)	7.0
Total	$78,952	(40,492)	8.7	$98,752	(50,017)	8.0

Amortization expense for the fiscal years ended October 25, 2009, October 26, 2008, and October 28, 2007, was $10.4 million, $11.6 million, and $12.1 million, respectively.

Estimated annual amortization expense (in thousands) for the five fiscal years after October 25, 2009, is as follows:

2010	$9,163
2011	7,652
2012	7,124
2013	6,071
2014	4,721

The carrying amounts for indefinite-lived intangible assets are as follows.

	October 25, 2009	October 26, 2008
Brand/tradename/trademarks	$ 94,410	$ 94,500
Other intangibles	7,984	7,984
Total	$102,394	$102,484

During the fourth quarter of fiscal 2009, the Company completed the required annual impairment tests of indefinite-lived intangible assets and goodwill, with no impairment indicated. Useful lives of intangible assets were also reviewed during this process, with no material changes identified.

NOTE E
LONG-TERM DEBT AND OTHER BORROWING ARRANGEMENTS

Long-term debt consists of:

(in thousands)	October 25, 2009	October 26, 2008
Senior unsecured notes, with interest at 6.625%, interest due semi-annually through June 2011 maturity date	$350,000	$350,000
Less current maturities	0	0
Total	$350,000	$350,000

The Company has a $200.0 million revolving line of credit which bears interest at variable rates below prime. As of October 25, 2009, and October 26, 2008, the Company had drawn $0.0 million and $100.0 million, respectively, from this line of credit, which is included as notes payable/short-term debt on the Consolidated Statements of Financial Position. A fixed fee is paid for the availability of this credit line, which expires in June 2010. The Company intends to replace this credit facility during fiscal 2010.

The Company is required, by certain covenants in its debt agreements, to maintain specified levels of financial ratios and financial position. At the end of the current fiscal year, the Company was in compliance with all of these covenants.

Total interest paid during fiscal 2009, 2008, and 2007 was $28.3 million, $28.0 million, and $27.4 million, respectively. Based on borrowing rates currently available to the Company for long-term financing with similar terms and average maturities, the fair value of long-term debt, utilizing discounted cash flows, is $383.5 million.

NOTE F
PENSION AND OTHER POST-RETIREMENT BENEFITS

The Company has several defined benefit plans and defined contribution plans covering most employees. Total costs associated with the Company's defined contribution benefit plans in 2009, 2008, and 2007 were $25.8 million, $25.9 million, and $23.3 million, respectively. Benefits for defined benefit pension plans covering hourly employees are provided based on stated amounts for each year of service, while plan benefits covering salaried employees are based on final average compensation. In 2007, several amendments were enacted that affected the Company's defined benefit pension plans at the measurement date. The defined benefit pension plan covering collectively bargained employees was amended as a result of labor negotiations, causing an increase in the benefit obligation. The benefit obligation for the other defined benefit plans was reduced as a result of amendments which eliminated some types of compensation from inclusion in the benefit obligation calculation and limited eligibility for lump sum distributions. Effective October 26, 2008, the defined benefit pension and post-retirement plans' fiscal year ending dates were amended to the last Sunday in October from the last Saturday in October. The Company's funding policy is to make annual contributions of not less than the minimum required by applicable regulations. Actuarial gains and losses and any adjustments resulting from plan amendments are deferred and amortized to expense over periods ranging from 4–13 years.

Certain groups of employees are eligible for post-retirement health or welfare benefits. Eligible employees who retired prior to January 1, 1987, receive the Company-sponsored medical and life insurance benefits that were in effect when they retired. The medical plan for eligible employees who retired after January 1, 1987, is automatically modified to incorporate plan benefit and plan provision changes whenever they are made to the active employee plan. Contribution requirements for this group of retired employees are governed by the Retiree Health Care Payment Program and may change each year as the cost to provide coverage is determined. Eligible employees hired after January 1, 1990, may receive post-retirement medical coverage but must pay the full cost of the coverage. Actuarial gains and losses and any adjustments resulting from plan amendments are deferred and amortized to expense over periods ranging from 7–15 years.

The Company adopted the measurement date provisions of ASC 715, *Compensation—Retirement Benefits* at the beginning of fiscal 2009, and elected to use the 15 month alternative measurement approach. Accordingly, the 2009 plan year measurement date is October 25, whereas the prior year measurement dates were August 1.

Net periodic cost of defined benefit plans included the following:

	Pension Benefits			Post-retirement Benefits		
(in thousands)	2009	2008	2007	2009	2008	2007
Service cost	$ 18,004	$ 19,714	$ 18,993	$ 2,262	$ 2,788	$ 2,993
Interest cost	47,251	44,416	42,524	22,464	22,744	23,077
Expected return on plan assets	(52,296)	(56,421)	(53,465)			
Amortization of prior service cost	(607)	(151)	(116)	5,505	5,860	5,732
Recognized actuarial loss (gain)	5,142	5,266	5,851	(841)	2,945	3,687
Settlement charges	6,788	0	(158)			
Net periodic cost	$ 24,282	$ 12,824	$ 13,629	$29,390	$34,337	$35,489

Included in accumulated other comprehensive loss for pension benefits at October 25, 2009, and October 26, 2008, are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service credit of $2.4 million and unrecognized actuarial losses of $269.5 million, and unrecognized prior service credit of $3.2 million and unrecognized actuarial losses of $103.2 million, respectively. The prior service credit and actuarial loss included in accumulated other comprehensive loss and expected to be recognized in net periodic pension cost during the fiscal year ending October 31, 2010, are $0.6 million and $15.8 million, respectively.

Included in accumulated other comprehensive loss for post-retirement benefits at October 25, 2009, and October 26, 2008, are the following amounts that have not yet been recognized in net periodic post-retirement benefit cost: unrecognized prior service costs of $29.8 million and unrecognized actuarial losses of $17.8 million, and unrecognized prior service costs of $42.5 million and unrecognized actuarial gains of $16.4 million, respectively. The prior service cost and actuarial gain included in accumulated other comprehensive loss and expected to be recognized in net periodic post-retirement benefit cost during the fiscal year ending October 31, 2010, are $4.3 million and $2.4 million, respectively.

The following is a reconciliation of the beginning and ending balances of the benefit obligation, the fair value of plan assets, and the funded status of the plans for the 15 months at the October 25, 2009, and the 12 months at the August 1, 2008, measurement dates:

	Pension Benefits		Post-retirement Benefits	
(in thousands)	2009	2008	2009	2008
Change in benefit obligation:				
Benefit obligation at beginning of year	$673,902	$715,875	$ 321,256	$ 369,344
Service cost	22,464	19,714	2,827	2,788
Interest cost	59,081	44,416	28,080	22,744
Plan amendments	0	0	(5,791)	(2,141)
Actuarial loss (gain)	91,200	(67,029)	33,121	(45,200)
Benefits paid	(61,087)	(39,074)	(33,387)	(26,279)
Benefit obligation at end of year	$785,560	$673,902	$ 346,106	$ 321,256

	Pension Benefits		Post-retirement Benefits	
(in thousands)	2009	2008	2009	2008
Change in plan assets:				
Fair value plan assets at beginning of year	$659,833	$703,924	$ 0	$ 0
Actual return on plan assets	(23,009)	(20,774)		
Employer contributions	114,000	15,734		
Benefits paid	(61,065)	(39,051)		
Fair value of plan assets at end of year	689,759	659,833	0	0
Funded status	(95,801)	(14,069)	(346,106)	(321,256)
Benefit payments subsequent to measurement date		604		7,239
Funded status at end of year	$ (95,801)	$ (13,465)	$(346,106)	$(314,017)

Amounts recognized in the Consolidated Statements of Financial Position as of October 25, 2009, and October 26, 2008, are as follows:

	Pension Benefits		Post-retirement Benefits	
(in thousands)	2009	2008	2009	2008
Pension assets	$ 29,663	$ 91,773	$ 0	$ 0
Accrued expenses	(14,964)	(6,214)	(26,806)	(26,451)
Pension and post-retirement benefits	(110,500)	(99,024)	(319,300)	(287,566)
Net amount recognized	$ (95,801)	$(13,465)	$(346,106)	$(314,017)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $114.5 million, $98.7 million, and $1.9 million, respectively, as of October 25, 2009, and $105.7 million, $88.1 million, and $0.0 million, respectively, as of October 26, 2008.

Weighted average assumptions used to determine benefit obligations are as follows:

	2009	2008
Discount rate	6.28%	7.30%
Rate of future compensation increase	4.08%	4.09%

Weighted average assumptions used to determine net periodic benefit costs are as follows:

	2009	2008	2007
Discount rate	7.30%	6.40%	6.33%
Rate of future compensation increase	4.09%	4.09%	4.00%
Expected long-term return on plan assets	8.25%	8.25%	8.25%

The expected long-term rate of return on plan assets is developed in consultation with outside advisors. A range is determined based on the composition of the asset portfolio, historical long-term rates of return, and estimates of future performance.

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits for pre-Medicare and post-Medicare retirees' coverage is assumed for 2010. The pre-Medicare and post-Medicare rate is assumed to decrease to 7.5% for 2011, 7.0% for 2012, 6.5% for 2013, 6.0% for 2014, 5.5% for 2015, 5.0% for 2016, and remain at that level thereafter.

Assumed health care cost trend rates have a significant impact on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point	
(in thousands)	Increase	Decrease
Effect on total of service and interest cost components	$ 1,649	$ (1,476)
Effect on the post-retirement benefit obligation	25,614	(19,905)

The actual and target weighted average asset allocations for the Company's pension plan assets as of the plan measurement date are as follows:

	2009		2008	
Asset Category	Actual	Target Range	Actual	Target Range
Equity securities	66.4%	60–80%	66.4%	60–80%
Fixed income	33.5%	25–35%	33.1%	25–35%
Other	0.1%	0.0%	0.5%	0.0%

Target allocations are established in consultation with outside advisors through the use of asset-liability modeling to attempt to match the duration of the plan assets with the duration of the Company's projected benefit liability. The asset allocation strategy attempts to minimize the long-term cost of pension benefits, reduce the volatility of pension expense, and achieve a healthy funded status for the plans.

As of the 2009 measurement date, plan assets included 1.7 million shares of common stock of the Company having a market value of $60.2 million or 9% of total plan assets. Dividends paid during the year on shares held by the plan were $1.3 million. In 2008, plan assets included 1.7 million shares of common stock of the Company having a market value of $59.9 million or 9% of total plan assets.

The Company made discretionary contributions of $100.0 million and $13.7 million to the Company's defined benefit plans in 2009 and 2008, respectively. Based on the October 25, 2009 measurement date, the Company anticipates making required contributions of $0.1 million to fund the pension plans during fiscal year 2010. The Company also expects to make contributions of $28.9 million during 2010 that represent benefit payments for unfunded plans.

Benefits expected to be paid over the next ten fiscal years are as follows:

(in thousands)	Pension Benefits	Post-retirement Benefits
2010	$ 41,287	$ 26,806
2011	41,479	27,001
2012	42,360	26,738
2013	43,571	26,409
2014	45,141	26,195
2015 and later	252,946	121,374

NOTE G
INCOME TAXES

The components of the provision for income taxes are as follows:

(in thousands)	2009	2008	2007
Current:			
U.S. Federal	$159,208	$157,314	$153,413
State	22,027	22,105	19,643
Foreign	1,245	2,330	1,418
Total current	182,480	181,749	174,474
Deferred:			
U.S. Federal	(392)	(9,013)	(5,689)
State	81	(700)	(840)
Total deferred	(311)	(9,713)	(6,529)
Total provision for income taxes	$182,169	$172,036	$167,945

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts

used for income tax purposes. The Company believes that, based upon its lengthy and consistent history of profitable operations, it is more likely than not that the net deferred tax assets of $188.4 million will be realized on future tax returns, primarily from the generation of future taxable income. Significant components of the deferred income tax liabilities and assets are as follows:

(in thousands)	October 25, 2009	October 26, 2008
Deferred tax liabilities:		
Tax over book depreciation	$ (76,809)	$ (71,738)
Book/tax basis difference from acquisitions	(32,100)	(34,162)
Pension assets	(5,761)	(34,323)
Other, net	(47,659)	(43,864)
Deferred tax assets:		
Post-retirement benefits	142,334	128,220
Pension benefits	47,730	40,717
Stock options	26,362	28,104
Deferred compensation	20,355	18,697
Federal benefit of state tax	15,733	13,764
Promotional accruals	14,345	5,348
Insurance accruals	13,573	10,610
Vacation accruals	12,850	11,682
Commodity hedging contracts	6,887	26,417
Other, net	50,602	35,725
Net deferred tax assets	$188,442	$135,197

Reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	2009	2008	2007
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes on income, net of federal tax benefit	2.9	3.3	2.8
Rabbi trust	(1.0)	2.2	(0.5)
Medicare Part D supplement	(0.3)	(0.3)	(0.3)
Manufacture deduction	(1.6)	(1.7)	(0.8)
All other, net	(0.3)	(0.9)	(0.5)
Effective tax rate	34.7%	37.6%	35.7%

U.S. income taxes have not been provided on undistributed earnings of foreign subsidiaries and joint ventures, which were approximately $50.7 million as of October 25, 2009. The Company has reinvested such earnings overseas in foreign operations indefinitely.

Total income taxes paid during fiscal 2009, 2008, and 2007 were $160.3 million, $144.7 million, and $222.9 million, respectively.

The Company adopted the amended provisions of ASC 740, *Income Taxes* at the beginning of fiscal 2008, on October 29, 2007. Adoption resulted in a $13.9 million increase in the liability for uncertain tax positions (resulting in a total liability balance of $32.3 million), a $4.9 million increase in deferred tax assets, and a decrease in retained earnings of $9.0 million.

The following table sets forth changes in the unrecognized tax benefits, excluding interest and penalties, for fiscal years 2008 and 2009.

(in thousands)	
Balance as of October 29, 2007	$25,803
Tax positions related to the current period:	
Increases	2,214
Decreases	0
Tax positions related to prior periods:	
Increases	7,138
Decreases	(1,825)
Settlements	(604)
Decreases related to a lapse of applicable statute of limitations	(42)
Balance as of October 26, 2008	$32,684
Tax positions related to the current period:	
Increases	3,237
Decreases	0
Tax positions related to prior periods:	
Increases	9,101
Decreases	0
Settlements	(2,003)
Decreases related to a lapse of applicable statute of limitations	(257)
Balance as of October 25, 2009	$42,762

The amount of unrecognized tax benefits, including interest and penalties, at October 25, 2009, recorded in other long-term liabilities was $55.8 million, of which $28.6 million would impact the Company's effective tax rate if recognized. The Company includes accrued interest and penalties related to uncertain tax positions in income tax expense, with $4.1 million included in expense for fiscal 2009. The amount of accrued interest and penalties at October 25, 2009, associated with unrecognized tax benefits was $13.0 million.

The Company is regularly audited by federal and state taxing authorities. During fiscal year 2007, the United States Internal Revenue Service (I.R.S.) concluded its examination of the Company's consolidated federal income tax returns for the fiscal years through 2005. During the fourth quarter of fiscal year 2008, the I.R.S. opened an examination of the Company's consolidated federal income tax returns for fiscal years 2006 and 2007. The Company is in various stages of audit by several state taxing authorities on a variety of fiscal years, as far back as 1996. While it is reasonably possible that one or more of these audits may be completed within the next 12 months and that the related unrecognized tax benefits may change, based on the status of the examinations it is not possible to reasonably estimate the effect of any amount of such change to previously recorded uncertain tax positions.

NOTE H
COMMITMENTS AND CONTINGENCIES

In order to ensure a steady supply of hogs and turkeys, and to keep the cost of products stable, the Company has entered into contracts with producers for the purchase of hogs and turkeys at formula-based prices over periods up to 15 years. The Company has also entered into grow-out contracts with independent farmers to raise turkeys for the Company for periods up to 25 years. Under these arrangements, the Company owns the livestock, feed, and other supplies while the independent farmers provide facilities and labor. The Company has also contracted for the purchase of corn, soybean meal, and other feed ingredients from independent suppliers for periods up to two years. Under these contracts, the Company is committed at October 25, 2009, to make purchases, assuming current price levels, as follows:

(in thousands)	
2010	$ 882,197
2011	488,722
2012	419,978
2013	296,391
2014	236,722
Later years	1,074,762
Total	$3,398,772

Purchases under these contracts for fiscal 2009, 2008, and 2007 were $1.6 billion, $1.8 billion, and $1.5 billion, respectively.

The Company has noncancelable operating lease commitments on facilities and equipment at October 25, 2009, as follows:

(in thousands)	
2010	$11,951
2011	10,398
2012	7,603
2013	6,114
2014	4,494
Later years	13,899
Total	$54,459

The Company expensed $23.0 million, $21.9 million, and $23.0 million for rent in fiscal 2009, 2008, and 2007, respectively.

The Company has commitments to expend approximately $60.7 million to complete construction in progress at various locations as of October 25, 2009.

As of October 25, 2009, the Company had $39.0 million of standby letters of credit issued on its behalf. The standby letters of credit are primarily related to the Company's self-insured workers' compensation programs. However, that amount also includes a revocable $3.9 million standby letter of credit for obligations of an affiliated party that may arise under worker compensation claims. Letters of credit are not reflected in the Company's consolidated statements of financial position.

The Company is involved on an ongoing basis in litigation arising in the ordinary course of business. In the opinion of management, the outcome of litigation currently pending will not materially affect the Company's results of operations, financial condition, or liquidity.

NOTE I
STOCK-BASED COMPENSATION

The Company has stock incentive plans for employees and non-employee directors, including stock options and nonvested shares. The Company's policy is to grant options with the exercise price equal to the market price of the common stock on the date of grant. Ordinary options vest over periods ranging from six months to four years and expire ten years after the date of the grant. The Company recognizes stock-based compensation expense ratably over the shorter of the requisite service period or vesting period. The fair value of stock-based compensation granted to retirement-eligible individuals is expensed at the time of grant.

A reconciliation of the number of options outstanding and exercisable (in thousands) as of October 25, 2009, and changes during the fiscal year then ended, is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at October 26, 2008	10,735	$31.04		
Granted	1,313	26.81		
Exercised	(350)	19.47		
Forfeited	(94)	37.44		
Outstanding at October 25, 2009	11,604	$30.86	5.7 yrs	$72,499
Exercisable at October 25, 2009	7,223	$28.49	4.4 yrs	$59,234

The weighted average grant date fair value of stock options granted and the total intrinsic value of options exercised (in thousands) during each of the past three fiscal years is as follows:

	Fiscal Year Ended		
	October 25, 2009	October 26, 2008	October 28, 2007
Weighted average grant date fair value	$ 5.87	$ 10.38	$ 9.41
Intrinsic value of exercised options	$5,049	$27,669	$13,937

The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model, using the following weighted average assumptions:

	Fiscal Year Ended		
	October 25, 2009	October 26, 2008	October 28, 2007
Risk-free interest rate	3.2%	4.0%	4.6%
Dividend yield	2.5%	1.8%	1.6%
Stock price volatility	22.0%	21.0%	21.0%
Expected option life	8 years	8 years	7 years

As part of the valuation process, the Company reassesses the appropriateness of the inputs used in the valuation models. The Company establishes the risk-free interest rate using stripped U.S. Treasury yields as of the grant date, where the remaining term is approximately the expected life of the option. The dividend yield is set based on the Company's targeted dividend yield. The expected volatility assumption is set based primarily on historical volatility. As a reasonableness test, implied volatility from exchange traded options is also examined to validate the volatility range obtained from the historical analysis. The expected life assumption is set based on an analysis of past exercise behavior by option holders. In performing the valuations for ordinary option grants, the Company has not stratified option holders as exercise behavior has historically been consistent across all employee groups.

The Company's nonvested shares vest after five years or upon retirement. A reconciliation of the nonvested shares (in thousands) as of October 25, 2009, and changes during the fiscal year then ended is as follows:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested at October 26, 2008	77	$35.72
Granted	29	30.54
Vested	(8)	26.95
Nonvested at October 25, 2009	98	34.90

The weighted average grant date fair value of nonvested shares granted, the total fair value (in thousands) of nonvested shares granted, and the fair value (in thousands) of shares that have vested during each of the past three fiscal years is as follows:

	Fiscal Year Ended		
	October 25, 2009	October 26, 2008	October 28, 2007
Weighted average grant date fair value	$30.54	$38.97	$37.80
Fair value of nonvested shares granted	$ 865	$ 974	$1,105
Fair value of shares vested	$ 204	$ 43	$2,461

Stock-based compensation expense, along with the related income tax benefit, for each of the past three fiscal years is presented in the table below.

	Fiscal Year Ended		
(in thousands)	October 25, 2009	October 26, 2008	October 28, 2007
Stock-based compensation expense recognized	$12,054	$14,691	$15,327
Income tax benefit recognized	(4,633)	(5,611)	(5,830)
After-tax stock-based compensation expense	$ 7,421	$ 9,080	$ 9,497

At October 25, 2009, there was $13.4 million of total unrecognized compensation cost from stock-based compensation arrangements granted under the plans. This compensation is expected to be recognized over a weighted average period of approximately 2.3 years. During fiscal years 2009, 2008, and 2007, cash received from stock option exercises was $2.4 million, $11.3 million, and $6.2 million, respectively. The total tax benefit to be realized for tax deductions from these option exercises was $1.3 million, $10.6 million, and $5.3 million, respectively. The amounts reported for tax deductions for option exercises include $1.3 million, $10.2 million, and $4.8 million in fiscal years 2009, 2008, and 2007, respectively, of excess tax benefits.

Shares issued for option exercises and nonvested shares may be either authorized but unissued shares, or shares of treasury stock acquired in the open market or otherwise. The number of shares available for future grants (in thousands) was 18,998 at October 25, 2009, 7,161 at October 26, 2008, and 8,034 at October 28, 2007.

NOTE J
DERIVATIVES AND HEDGING

The Company uses hedging programs to manage price risk associated with commodity purchases. These programs utilize futures contracts and swaps to manage the Company's exposure to price fluctuations in the commodities markets. The Company has determined its hedge programs to be highly effective in offsetting the changes in fair value or cash flows generated by the items hedged.

Cash Flow Hedges

The Company utilizes corn and soybean meal futures to offset the price fluctuation in the Company's future direct grain purchases, and has entered into various swaps to hedge the purchases of grain and natural gas at certain plant locations. The financial instruments are designated and accounted for as cash flow hedges, and the Company measures the effectiveness of the hedges on a regular basis. Effective gains or losses related to these cash flow hedges are reported in accumulated other comprehensive loss and reclassified into earnings, through cost of products sold, in the period or periods in which the hedged transactions affect earnings. Any gains or losses related to hedge ineffectiveness are recognized in the current period cost of products sold. The Company typically does not hedge its grain exposure beyond 24 months and its natural gas exposure beyond 36 months. As of October 25, 2009, the Company had the following outstanding commodity futures contracts and swaps that were entered into to hedge forecasted purchases:

Commodity	Volume
Corn	20.3 million bushels
Soybean meal	148,100 tons
Natural gas	4.6 million MMBTU's

As of October 25, 2009, the Company has included in accumulated other comprehensive loss, hedging losses of $19.2 million (before tax) relating to its positions. The Company expects to recognize the majority of these losses over the next 12 months.

Fair Value Hedges

The Company utilizes futures to minimize the price risk assumed when forward priced contracts are offered to the Company's commodity suppliers. The intent of the program is to make the forward priced commodities cost nearly the same as cash market purchases at the date of delivery. The futures contracts are designated and accounted for as fair value hedges, and the Company measures the effectiveness of the hedges on a regular basis. Changes in the fair value of the futures contracts, along with the gain or loss on the hedged purchase commitment, are marked-to-market through earnings and are recorded on the Consolidated Statement of Financial Position as a current asset and liability, respectively. Effective gains or losses related to these fair value hedges are recognized through cost of products sold in the period or periods in which the hedged transactions affect earnings. Any gains or losses related to hedge ineffectiveness are recognized in the current period cost of products sold. As of October 25, 2009, the Company had the following outstanding commodity futures contracts designated as fair value hedges:

Commodity	Volume
Corn	12.0 million bushels
Soybean meal	6,200 tons
Lean hogs	1.3 million cwt

Other Derivatives

During fiscal 2009, the Company has held certain futures contract positions as part of a merchandising program and to manage the Company's exposure to fluctuations in foreign currencies. The Company has not applied hedge accounting to these positions. All foreign exchange contracts were closed as of the end of the third quarter. As of October 25, 2009, the Company had the following outstanding commodity futures contracts related to its merchandising program:

Commodity	Volume
Pork bellies	14,800 cwt

Fair Values

The fair values of the Company's derivative instruments (in thousands) as of October 25, 2009, were as follows:

	October 25, 2009	
	Location on Consolidated Statement of Financial Position	Fair Value(1)
Asset Derivatives:		
Derivatives Designated as Hedges:		
Commodity contracts	Other current assets	$25,159
Derivatives Not Designated as Hedges:		
Commodity contracts	Other current assets	(3,702)
Total Asset Derivatives		$21,457
Liability Derivatives:		
Derivatives Designated as Hedges:		
Commodity contracts	Accounts payable	$17,563
Total Liability Derivatives		$17,563

(1) Amounts represent the gross fair value of derivative assets and liabilities. The Company nets its derivative assets and liabilities, including cash collateral, when a master netting arrangement exists between the Company and the counterparty to the derivative contract. See Note K for a discussion of the net amounts as reported in the Consolidated Statement of Financial Position.

Derivative Gains and Losses

Gains or losses (before tax, in thousands) related to the Company's derivative instruments for the fiscal year ended October 25, 2009, were as follows:

Cash Flow Hedges	Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss (AOCL) (Effective Portion)(1)	Location on Consolidated Statement of Operations	Gain/(Loss) Reclassified from AOCL into Earnings (Effective Portion)(1)	Gain/(Loss) Recognized in Earnings (Ineffective Portion)(2)(4)
Commodity contracts	$(8,323)	Cost of products sold	$(55,053)	$2,082

Fair Value Hedges	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings (Effective Portion)(3)	Gain/(Loss) Recognized in Earnings (Ineffective Portion)(2)(5)
Commodity contracts	Cost of products sold	$55,879	$(2,901)

Derivatives Not Designated as Hedges	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings
Commodity contracts	Cost of products sold	$ 414
Foreign exchange contracts	Interest and investment income (loss)	$(141)

(1) Amounts represent gains or losses in AOCL before tax. See Note A for the after tax impact of these gains or losses on net earnings.
(2) There were no gains or losses excluded from the assessment of hedge effectiveness during the fiscal year.
(3) Gains on commodity contracts designated as fair value hedges were offset by a corresponding loss on the underlying hedged purchase commitment.
(4) There were no gains or losses resulting from the discontinuance of cash flow hedges during the fiscal year.
(5) There were no gains or losses recognized as a result of a hedged firm commitment no longer qualifying as a fair value hedge during the fiscal year.

NOTE K
FAIR VALUE MEASUREMENTS

Effective at the beginning of fiscal 2009, the Company adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) for its financial assets and liabilities carried at fair value on a recurring basis in the consolidated financial statements. As discussed in Note A, the FASB allowed deferral of the provisions of ASC 820 for one year for nonfinancial assets and liabilities measured at fair value that are recognized or disclosed on a nonrecurring basis. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). ASC 820 also establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. Assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The three levels are defined as follows:

Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.

Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

The Company's financial assets and liabilities that are measured at fair value on a recurring basis as of October 25, 2009, and their level within the fair value hierarchy, are presented in the table below.

	Fair Value Measurements at October 25, 2009			
(in thousands)	Fair Value at October 25, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value:				
Cash equivalents(1)	$290,476	$290,476	$ —	$0
Trading securities(2)	103,801	49,608	54,193	0
Commodity derivatives(3)	6,776	6,776	—	0
Total Assets at Fair Value	$401,053	$346,860	$54,193	$0
Liabilities at Fair Value:				
Commodity derivatives(3)	$ 17,563	$ —	$17,563	$0
Deferred compensation(2)	38,786	10,670	28,116	0
Total Liabilities at Fair Value	$ 56,349	$ 10,670	$45,679	$0

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities above:

(1) The Company's cash equivalents consist of money market funds rated AAA. As these investments have a maturity date of three months or less, the carrying value approximates fair value.

(2) The Company holds trading securities as part of a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans. The rabbi trust is included in other assets on the Consolidated Statements of Financial Position and is valued based on the underlying fair value of each fund held by the trust. A portion of the funds held related to the supplemental executive retirement plans have been invested in fixed income funds managed by a third party. The declared rate on these funds is set based on a formula using the yield of the general account investment portfolio that supports the fund, adjusted for expenses and other charges. The rate is guaranteed for one year at issue, and may be reset annually on the policy anniversary, subject to a guaranteed minimum rate. As the value is based on adjusted market rates, and the fixed rate is only reset on an annual basis, these funds are classified as Level 2. The remaining funds held are also managed by a third party, and include equity securities, money market accounts, bond funds, or other portfolios for which there is an active quoted market. Therefore these securities are classified as Level 1. The related deferred compensation liabilities are included in other long-term liabilities on the Consolidated Statements of Financial Position and are valued based on the underlying investment selections held in each participant's account. Investment options generally mirror those funds held by the rabbi trust, for which there is an active quoted market. Therefore these investment balances are classified as Level 1. The Company also offers a fixed rate investment option to participants. The rate earned on these investments is adjusted annually based on a specified percentage of the I.R.S. Applicable Federal Rates in effect and therefore these balances are classified as Level 2.

(3) The Company's commodity derivatives represent futures contracts and swaps used in its hedging programs to offset price fluctuations associated with purchases of corn, soybean meal, and natural gas, and to minimize the price risk assumed when forward priced contracts are offered to the Company's commodity suppliers. The Company's futures contracts for corn and soybean meal are traded on the Chicago Board of Trade (CBOT), while futures contracts for lean hogs and bellies are traded on the Chicago Mercantile Exchange. These are active markets with quoted prices available and therefore the futures contracts are classified as Level 1. The Company's corn and soybean meal swaps settle based on quoted prices from the CBOT, while natural gas swaps are settled based on quoted prices from the New York Mercantile Exchange. As the swaps settle based on quoted market prices, but are not held directly with the exchange, the swaps are classified as Level 2. All derivatives are reviewed for potential credit risk and risk of nonperformance. The Company nets its derivative assets and liabilities, including cash collateral, when a master netting arrangement exists between the Company and the counterparty to the derivative contract. The net balance for each arrangement is included in other current assets or accounts payable, as appropriate, in the Consolidated Statements of Financial Position. As of October 25, 2009, the Company had recognized the right to reclaim cash collateral of $2.2 million from, and the obligation to return cash collateral of $16.9 million to, various counterparties.

The Company's financial assets and liabilities also include accounts receivable and accounts payable, for which carrying value approximates fair value due to the short periods to maturity for those instruments. The Company does not carry its long-term debt at fair value in its Consolidated Statements of Financial Position. Based on borrowing rates available to the Company for long-term financing with similar terms and average maturities, the fair value of long-term debt, utilizing discounted cash flows, was $383.5 million as of October 25, 2009, and $357.7 million as of October 26, 2008.

NOTE L
SEGMENT OPERATING RESULTS

The Company develops, processes, and distributes a wide array of food products in a variety of markets. The Company reports its results in the following five segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, Specialty Foods, and All Other.

The Grocery Products segment consists primarily of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market.

The Refrigerated Foods segment includes the Hormel Refrigerated, Farmer John, Burke Corporation, and Dan's Prize operating segments. This segment consists primarily of the processing, marketing, and sale of branded and unbranded pork and beef products for retail, foodservice, and fresh product customers. Results for the Hormel Refrigerated operating segment include the Precept Foods business, which offers a variety of case-ready beef and pork products to retail customers. Precept Foods, LLC, is a 51 percent owned joint venture between Hormel Foods Corporation and Cargill Meat Solutions Corporation, a wholly-owned subsidiary of Cargill, Incorporated.

The Jennie-O Turkey Store (JOTS) segment consists primarily of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and fresh product customers.

The Specialty Foods segment includes the Diamond Crystal Brands, Century Foods International, and Hormel Specialty Products operating segments. This segment consists of the packaging and sale of various sugar and sugar substitute products, salt and pepper products, liquid portion products, dessert mixes, ready-to-drink products, gelatin products, and private label canned meats to retail and foodservice customers. This segment also includes the processing, marketing, and sale of nutritional food products and supplements to hospitals, nursing homes, and other marketers of nutritional products.

The All Other segment includes the Hormel Foods International operating segment, which manufactures, markets, and sells Company products internationally. This segment also includes various miscellaneous corporate sales.

Intersegment sales are recorded at prices that approximate cost and are eliminated in the Consolidated Statements of Operations. Equity in earnings of affiliates is included in segment profit; however, the Company does not allocate investment income, interest expense, and interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at corporate. These items are included below as net interest and investment income and general corporate expense when reconciling to earnings before income taxes.

Sales and operating profits for each of the Company's segments and reconciliation to earnings before income taxes are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, we do not represent that these segments, if operated independently, would report the operating profit and other financial information shown below.

(in thousands)	2009	2008	2007
Sales to Unaffiliated Customers			
Grocery Products	$ 924,682	$ 947,184	$ 879,423
Refrigerated Foods	3,436,242	3,521,672	3,270,204
Jennie-O Turkey Store	1,227,709	1,268,002	1,162,152
Specialty Foods	708,730	777,659	692,468
All Other	236,308	240,386	188,785
Total	$6,533,671	$6,754,903	$6,193,032
Intersegment Sales			
Grocery Products	$ 0	$ 0	$ 0
Refrigerated Foods	7,236	5,834	2,801
Jennie-O Turkey Store	97,064	95,551	94,570
Specialty Foods	172	196	154
All Other	0	0	0
Total	104,472	101,581	97,525
Intersegment elimination	(104,472)	(101,581)	(97,525)
Total	$ 0	$ 0	$ 0
Net Sales			
Grocery Products	$ 924,682	$ 947,184	$ 879,423
Refrigerated Foods	3,443,478	3,527,506	3,273,005
Jennie-O Turkey Store	1,324,773	1,363,553	1,256,722
Specialty Foods	708,902	777,855	692,622
All Other	236,308	240,386	188,785
Intersegment elimination	(104,472)	(101,581)	(97,525)
Total	$6,533,671	$6,754,903	$6,193,032
Segment Operating Profit			
Grocery Products	$ 162,531	$ 148,768	$ 141,445
Refrigerated Foods	226,171	211,961	173,924
Jennie-O Turkey Store	86,909	78,306	106,890
Specialty Foods	68,484	70,124	61,448
All Other	27,631	27,001	23,085
Total segment operating profit	$ 571,726	$ 536,160	$ 506,792
Net interest and investment income	(8,432)	(56,125)	(14,083)
General corporate expense	(38,312)	(22,499)	(22,872)
Earnings before income taxes	$ 524,982	$ 457,536	$ 469,837

(in thousands)	2009	2008	2007
Assets			
Grocery Products	$ 445,340	$ 425,798	$ 414,377
Refrigerated Foods	1,098,133	1,189,783	1,100,394
Jennie-O Turkey Store	728,049	779,755	711,399
Specialty Foods	449,558	487,681	438,836
All Other	163,611	168,012	149,181
Corporate	807,364	565,442	579,463
Total	$3,692,055	$3,616,471	$3,393,650
Additions to Property Plant and Equipment			
Grocery Products	$ 51,438	$ 27,738	$ 18,890
Refrigerated Foods	28,303	46,372	56,288
Jennie-O Turkey Store	11,247	34,394	29,685
Specialty Foods	2,922	9,371	9,690
All Other	732	3,555	1,595
Corporate	2,319	4,460	9,647
Total	$ 96,961	$ 125,890	$ 125,795
Depreciation and Amortization			
Grocery Products	$ 14,387	$ 12,657	$ 9,778
Refrigerated Foods	54,457	53,261	50,585
Jennie-O Turkey Store	27,280	28,315	34,242
Specialty Foods	14,082	13,918	14,948
All Other	1,204	2,111	2,021
Corporate	15,728	15,927	15,164
Total	$ 127,138	$ 126,189	$ 126,738

The Company's products primarily consist of meat and other food products. Perishable meat includes fresh meats, sausages, hams, wieners, and bacon (excluding JOTS products). The Poultry category is composed primarily of JOTS products. Shelf-stable includes canned products, tortillas, salsas, and other items that do not require refrigeration. The Other category primarily consists of nutritional food products and supplements, sugar and sugar substitutes, dessert and drink mixes, and industrial gelatin products. The percentages of total revenues contributed by classes of similar products for the last three fiscal years are as follows:

	Fiscal Year Ended		
	October 25, 2009	October 26, 2008	October 28, 2007
Perishable meat	53.9%	53.5%	54.2%
Poultry	19.3	19.2	19.2
Shelf-stable	17.3	17.1	16.8
Other	9.5	10.2	9.8
	100.0%	100.0%	100.0%

Revenues from external customers are classified as domestic or foreign based on the final customer destination where title passes. No individual foreign country is material to the consolidated results. Additionally, the Company's long-lived assets located in foreign countries are not significant. Total revenues attributed to the U.S. and all foreign countries in total for the last three fiscal years are as follows:

	Fiscal Year Ended		
(in thousands)	October 25, 2009	October 26, 2008	October 28, 2007
United States	$6,198,818	$6,408,265	$5,939,359
Foreign	334,853	346,638	253,673
	$6,533,671	$6,754,903	$6,193,032

In fiscal 2009, sales to Wal-Mart Stores, Inc. (Wal-Mart) represented $935.8 million or 13.0 percent of the Company's consolidated revenues (measured as gross sales less returns and allowances). Wal-Mart is a customer for all five segments of the Company.

NOTE M
QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

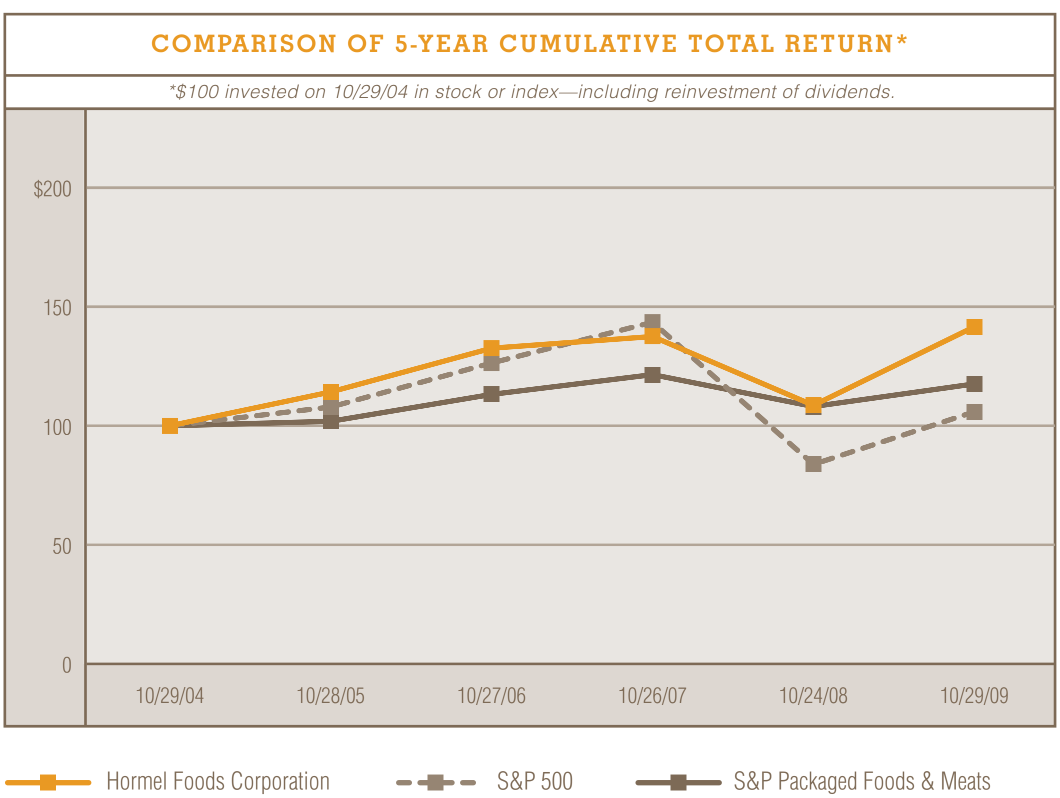
The following tabulations reflect the unaudited quarterly results of operations for the years ended October 25, 2009, and October 26, 2008.

(in thousands, except per share data)	Net Sales	Gross Profit*	Net Earnings	Basic Earnings Per Share	Diluted Earnings Per Share
2009					
First quarter	$1,689,086	$272,315	$81,383	$0.61	$0.60
Second quarter	1,595,043	262,038	80,385	0.60	0.59
Third quarter	1,574,440	260,324	77,169	0.57	0.57
Fourth quarter	1,675,102	304,194	103,876	0.78	0.77
2008					
First quarter	$1,621,165	$292,691	$88,181	$0.65	$0.64
Second quarter	1,594,084	263,952	77,561	0.57	0.56
Third quarter	1,678,142	229,046	51,947	0.38	0.38
Fourth quarter	1,861,512	276,240	67,811	0.50	0.50

*Includes retrospective reclassification of shipping and handling expenses to cost of products sold from selling, general and administrative (See Note A).

Hormel Foods Corporation

STOCK PERFORMANCE GRAPH



Hormel Ex. 2-62

SHAREHOLDER INFORMATION

Independent Auditors
Ernst & Young LLP
220 South Sixth Street, Ste. 1400
Minneapolis, MN 55402-4509

Stock Listing
HRL LISTED NYSE

Hormel Foods Corporation's common stock is traded on the New York Stock Exchange under the symbol HRL. The CUSIP number is 440452100.

There are approximately 11,000 record shareholders and 25,500 shareholders whose shares are held in street name by brokerage firms and financial institutions.

Common Stock Data
The high and low prices of the Company's common stock and the dividends per share declared for each fiscal quarter of 2009 and 2008, respectively, are shown below:

2009	High	Low	Dividend
First Quarter	31.87	24.84	0.190
Second Quarter	33.43	29.26	0.190
Third Quarter	36.36	29.17	0.190
Fourth Quarter	39.02	34.64	0.190
2008	**High**	**Low**	**Dividend**
First Quarter	41.82	34.90	0.185
Second Quarter	42.64	37.24	0.185
Third Quarter	41.98	33.99	0.185
Fourth Quarter	38.08	27.26	0.185

Transfer Agent and Registrar
Wells Fargo Bank, N.A.
161 North Concord Exchange
P.O. Box 64854
South St. Paul, MN 55164-0854
www.shareowneronline.com

For the convenience of shareholders, a toll-free number (1-877-536-3559) can be used whenever questions arise regarding changes in registered ownership, lost or stolen certificates, address changes, or other matters pertaining to the transfer of stock or shareholder records. When requesting information, shareholders must provide their tax identification number, the name(s) in which their stock is registered, and their record address.

The Company participates in the Direct Registration Profile Modification System (DRPMS). Transfers or issuances of shares are now issued in book-entry form, unless you specifically request a stock certificate. A statement will be delivered to you reflecting any transactions processed in your account.

The transfer agent makes shareholder account data available to shareholders of record via the Internet. This service allows shareholders to view various account details, such as certificate information, dividend payment history, and/or dividend reinvestment plan records, over a secure Internet connection with the required entry of a tax identification number and a PIN number. Information is available 24 hours per day, seven days a week. If you are interested, you may use the Web site www.shareowneronline.com and access "First Time Visitor Sign Up" to arrange for a PIN setup.

Household Sorting
If you hold stock in more than one account, duplicate mailings of financial information may result. You can help eliminate the added expense by requesting only one copy be sent. Please supply the transfer agent with the names in which all accounts are registered and the name of the account for which you wish to receive mailings. This will not in any way affect dividend check mailings. We cannot household sort between record accounts and brokerage accounts.

Dividend Reinvestment Plan
Hormel Foods Corporation's Dividend Reinvestment Plan, available to record shareholders, allows for full dividend reinvestment and voluntary cash purchases with brokerage commissions or other service fees paid by the Company. Automatic debit for cash contribution is also available. This is a convenient method to have money automatically withdrawn each month from a checking or savings account and invested in your Dividend Reinvestment Plan account. To enroll in the plan or obtain additional information, contact Wells Fargo Bank, N.A., using the address or telephone number provided with its listing in this section as Company transfer agent and registrar. Enrollment in the plan is also available on the Internet at www.shareowneronline.com.

An optional direct dividend deposit service offers shareholders a convenient method of having quarterly dividend payments electronically deposited into their personal checking or savings account. The dividend payment is made in the account each payment date, providing shareholders with immediate use of their money. For information about the service and how to participate, contact Wells Fargo Bank, N.A., transfer agent. You may also activate this feature on the Internet at www.shareowneronline.com.

Dividends
The declaration of dividends and all dates related to the declaration of dividends are subject to the judgment and discretion of the Board of Directors of Hormel Foods Corporation. Quarterly dividends are typically paid on the 15th of February, May, August, and November. Postal delays may cause receipt dates to vary.

Reports and Publications
Copies of the Company's Form 10-K (annual report) and Form 10-Q (quarterly report) to the Securities and Exchange Commission (SEC), proxy statement, all news releases, and other corporate literature are available free upon request by calling (507) 437-5345 or by accessing the information on the Internet at www.hormelfoods.com. The Company's Annual Report to Shareholders is mailed approximately one month before the Annual Meeting.

Annual Meeting
The Annual Meeting of Shareholders will be held Tuesday, January 26, 2010, in the Richard L. Knowlton Auditorium at Austin (Minn.) High School. The meeting will convene at 8:00 p.m.

Questions about Hormel Foods
Shareholder Inquiries
(507) 437-5944

Analyst/Investor Inquiries
(507) 437-5248

Media Inquiries
(507) 437-5345

Consumer Response
Inquiries regarding products of Hormel Foods Corporation should be addressed:

Consumer Response
Hormel Foods Corporation
1 Hormel Place
Austin, MN 55912-3680
or call 1-800-523-4635

Trademarks
References in italic within this report represent valuable trademarks owned or licensed by Hormel Foods, LLC or subsidiaries of Hormel Foods Corporation.

CORPORATE OFFICERS

Jeffrey M. Ettinger*
Chairman of the Board,
President and Chief Executive Officer

Ronald W. Fielding
Executive Vice President

Jody H. Feragen*
Senior Vice President
and Chief Financial Officer

Steven G. Binder
Group Vice President

Richard A. Bross
Group Vice President
President, Hormel Foods International

Robert A. Tegt
Group Vice President
President, Jennie-O Turkey Store Inc.

Michael D. Tolbert
Group Vice President

Larry L. Vorpahl
Group Vice President

James W. Cavanaugh
Senior Vice President
and General Counsel

Thomas R. Day
Senior Vice President

William F. Snyder
Senior Vice President

D. Scott Aakre
Vice President

Deanna T. Brady
Vice President

Julie H. Craven
Vice President

Michael L. Devine
Vice President

Bryan D. Farnsworth
Vice President

Roland G. Gentzler
Vice President and Treasurer

Dennis B. Goettsch
Vice President

Daniel A. Hartzog
Vice President

David P. Juhlke
Vice President

Donald H. Kremin
Vice President

Phillip L. Minerich, Ph.D.
Vice President

Kurt F. Mueller
Vice President

Douglas R. Reetz
Vice President

James R. Schroeder
Vice President

Bruce R. Schweitzer
Vice President

James N. Sheehan
Vice President and Controller

James P. Snee
Vice President

James M. Splinter
Vice President

Joe C. Swedberg
Vice President

Brian D. Johnson
Corporate Secretary

James T. Anderson
Assistant Controller

*Director

BOARD OF DIRECTORS

Terrell K. Crews
Retired as Executive Vice President, Chief Financial Officer and Vegetable Business CEO of Monsanto Company in November 2009
Director since October 2007

Jeffrey M. Ettinger
Chairman of the Board, President and Chief Executive Officer
Director since May 2004

Jody H. Feragen
Senior Vice President and Chief Financial Officer
Director since October 2007

Susan I. Marvin
President, Marvin Windows and Doors
Director since July 2002

John L. Morrison
Managing Director, Goldner Hawn Johnson & Morrison Incorporated
Director since November 2003

Elsa A. Murano, Ph.D.
Professor of Nutrition & Food Science, Texas A&M University
Director since September 2006

Robert C. Nakasone
Chief Executive Officer, NAK Enterprises, LLC
Director since September 2006

Susan K. Nestegard
Executive Vice President, Global Healthcare Sector, Ecolab Inc.
Director since October 2009

Ronald D. Pearson
Chairman Emeritus, Hy-Vee, Inc.
Director since October 2007

Dakota A. Pippins
President and Chief Executive Officer, Pippins Strategies, LLC
Director since January 2001

Hugh C. Smith, M.D.
Professor of Medicine, Mayo Clinic College of Medicine
Director since September 2006

John G. Turner
Chairman, Hillcrest Capital Partners
Director since March 2000

Front Row, from left: John Turner, Jeffrey Ettinger, Susan Marvin

Back Row, from left: Terrell Crews, John Morrison, Ronald Pearson, Hugh Smith, Elsa Murano, Susan Nestegard, Dakota Pippins, Robert Nakasone, Jody Feragen

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Hormel Ex. 2-65

Building upon our heritage of innovation and quality, together we will elevate the everyday experience by making Hormel Foods the favorite part of any eating occasion.

Mission: Hormel Foods is a leading branded food company with a focus on profitable growth. Inspired by our founder's charge to "originate, don't imitate," we market a balanced portfolio of highly differentiated quality products. We engage our employees by creating an environment where careers are fostered, people make a difference and integrity is absolute.

To learn more about Our Way, visit **www.HormelFoods.com.**

Hormel Foods Corporation
1 Hormel Place
Austin, MN 55912-3680

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This report was printed using soy-based inks. The entire report contains 10% total recovered fiber/all post-consumer waste, FSC Certified Fiber.

EXHIBIT 3

Q4 2008 Hormel Foods Corporation Earnings Conference Call

AUSTIN Nov 25, 2008 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp earnings conference call or presentation Tuesday, November 25, 2008 at 2:30:00pm GMT

CORPORATE PARTICIPANTS

Kevin Jones, Hormel Foods Corporation - Director of IR
Jeff Ettinger, Hormel Foods Corporation - Chairman, President, CEO
Jody Feragen, Hormel Foods Corporation - SVP, CFO

CONFERENCE CALL PARTICIPANTS

Robert Moskow, Credit Suisse - Analyst
Tim Ramey, D.A. Davidson & Co. - Analyst
Diane Geissler, Merrill Lynch - Analyst
Farha Aslam, Stephens, Inc. - Analyst
Christina McGlone, Deutsche Bank - Analyst
Ann Gurkin, Davenport & Company - Analyst
Michael Hamilton, RBC Capital Markets - Analyst
Chris Pulitzer, Barclays - Analyst
Unidentified Participant, Keybanc Capital Markets - Analyst
John McMillin, Lord Abbott - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for holding. And welcome to the Hormel Foods fourth quarter earnings conference call on the 25th of November, 2008. Throughout today's recorded presentation, all participants will be in listen-only mode. After the presentation, there will be an opportunity to ask questions. (OPERATOR INSTRUCTIONS) I will now hand the conference over to Mr. Kevin Jones, please go ahead, sir.

Kevin Jones, Hormel Foods Corporation - Director of IR

Good morning. Welcome to the Hormel Foods conference call for the fourth quarter of fiscal 2008. We released our results this morning before the market opened around 6:30 a.m. central time. If you did not receive a copy of the release, you can find it on our website at www.hormelfoods.com under the Investor section.

On our call today is Jeff Ettinger, Chairman of the Board, President, and Chief Executive Officer, and Jody Feragen, Senior Vice President and Chief Financial Officer. Jeff will provide a review of the operating results for the quarter and the year, then Jody will provide detailed financial results for the quarter and the year. Jeff will then provide an outlook for fiscal year 2009. The line will be opened for questions following Jeff's closing remarks. An audio replay of this call will be available beginning at 11:00 a.m. central time today, November 25, 2008. The dial-in number is 800-405-2236, and the access code is 11118122. It will also be posted on our website and archived for one year.

Before we get started with the results of the quarter, I need to reference the Safe Harbor Statement. Some of the comments made today will be forward-looking and are made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed in or implied by the statements we will be making. Among the factors that may affect the operating results of the Company are fluctuations in the costs and availability of raw materials, and market conditions for finished products. Please refer to pages 26 through 31 in the Company's 10-Q for the fiscal quarter ended July 27, 2008 for more details. It be accessed on our website. Now I will turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman, President, CEO

Good morning. Results for our fourth quarter were mixed. Top line growth was strong, with sales for the quarter reaching $1.86 billion, up 12% from the prior year, and up 10% excluding acquisitions. However, our bottom line results were clearly disappointing to us. Earnings per share for the quarter were $0.50, compared to $0.73 last year, a decrease of 32%. Included in these results was a $20 million investment loss in the Company's rabbi trust.

For the full year sales were $6.75 billion, up 9% from last year and up 7% excluding acquisitions. Earnings per share for the full year were $2.08, down 4% from last year. Total segment operating profits were up 6% from a year ago.

Without question, we are in a unique and challenging economic environment. Demand has been impacted by the trend to more at-home dining, and through changing consumer preferences at retail. These circumstances, coupled with spikes in certain raw material costs, took a toll on our earnings this quarter. Nevertheless, we had some positive highlights during the quarter as well.

I will now take you through each of the segments. For our Grocery Products segment, dollar sales were up 6% and segment profit was down 3%. For the year, sales were up 8% and segment profit was up 5%. As has been widely reported in the media, sales of the SPAM family of products were up solidly during the quarter. I am also pleased to report that other core items such as Hormel Chili, Dinty Moore Stew, and Mary Kitchen Hash, also experienced strong dollar sales and volume growth.

For Grocery Products on the flip side, sales of Hormel Completes microwave meals slowed during the quarter, attributable to the combination of higher pricing and apparent changes in consumer buying preferences. In addition, margins for several grocery products items were pressured during the quarter, primarily due to higher beef and pork trim costs.

The Refrigerated Foods segment capped off a strong year with a solid fourth quarter, reporting 11% higher sales, up 9% excluding

acquisitions, and 12% higher segment profit. For the full year, sales increased 8%, 4% excluding acquisition, and segment profit increased 22%. Declining hog prices and favorable cutout values were the primary drivers of earnings growth for this segment during the fourth quarter.

In our Meat Products group, products experiencing strong growth during the quarter included Natural Choice deli meats, Hormel refrigerated entrees, and Hormel Always Tender flavored pork loins. However, margins on some meat product items were pressured by spiking input costs that we were not able to offset with pricing. Our Food Service division experienced flat sales, as they were affected by the industry-wide declines in away-from-home dining. Our Farmer John group saw improved results during the quarter, primarily as a result of their fresh pork operations.

For Jennie-O Turkey Store, the 44% drop in Q4 operating profit was about what we expected, but that did not make it any easier to absorb in terms of its effect on our Company-wide results. Sales dollars were up 11%, reflecting a combination of necessary price advances and some volume gains, and for the full year sales were up 9%, while segment profit was down 27%. An industry wide excess supply of commodity turkey breast meat and lower demand has resulted in a stagnant market. Higher input costs for feed and fuel also contributed to the decline in operating profit during the quarter of Jennie-O Turkey Store.

The retail segment of Jennie-O Turkey Store continues to be a bright spot, with volumes and sales dollars increasing during the quarter. In particular, sales of Jennie-O Turkey Store tray pack products and turkey burgers continued to registered impressive sales gains. The Specialty Foods segment had an excellent quarter, with sales, volume, and segment operating profit all experiencing double-digit increases.

Operating profit was up 49%, and dollars sales were up 20%, up 16% excluding acquisitions, with all three sub-business units contributing to these gains. For the full year, operating profit for Specialty Food increased 14%, and dollar sales were up 12%, up 11% excluding acquisitions. Results in Specialty Products were driven by increased sales in contract manufacturing and savory ingredients. Diamond Crystal's results were led by higher nutritional sales volume and the Boca Grande Foods acquisition. Century Foods International finished off an excellent year, with significant gains in tonnage and sales in blended ingredients, nutritional powders, and ready-to-drink products.

In the All Others segment, our international business had a soft ending to an otherwise excellent year. In the fourth quarter, operating profit was down 8%, while dollar sales were up 34%. For the full year, sales were up 27%, and operating profit was up 17%. Results in the quarter were adversely impacted by higher raw material costs and the strengthening dollar against key currencies. Positives for international during the quarter were strong exports of fresh pork and strong sales of the SPAM family of products.

At this time, I will turn the call over to Jody Feragen to discuss the financial information relating to the fourth quarter and fiscal 2008.

Jody Feragen, Hormel Foods Corporation - SVP, CFO

Thank you, Jeff. Good morning. Earnings for the fiscal 2008 fourth quarter totaled $67.8 million, or $0.50 per share, compared to $101.2 million, or $0.73 per share, a year ago. Earnings for the 12 months of fiscal 2008 totaled $285.5 million, or $2.08 per share, compared to $301.9 million, or $2.17 per share, a year ago.

As Jeff eluded to at the outset, the rabbi trust losses were the primary driver of our earnings missed for the year. This trust was explained in the Earnings Release. Those investment losses do not affect the Company's cash flow, nor is the Company under any obligation to recapitalize the trust funds.

Dollar sales for the fourth quarter totaled $1.9 billion, compared to $1.7 billion last year, a 12% increase. Acquisitions added about $23 million to the top line in the fourth quarter. For the full year, dollar sales increased 9%, to $6.8 billion. Acquisitions added $130 million to the top line for the full year.

Volume for the fourth quarter was 1.2 billion pounds, up 3% from fiscal 2007. Acquisitions added about 15 million pounds to the quarter. Volume for the full fiscal year was 4.7 billion pounds, up 5% from fiscal 2007. Acquisitions added about 88 million pounds to the full year.

Our selling and delivery expenses in the fourth quarter were 11.4% of sales this year, compared with 11.6% last year. Year-to-date, selling and delivery expenses were 12.4% of sales, compared to 12.5% last year. We expect selling and delivery expenses to be about 12.2% of sales for fiscal 2009, as lower fuel costs are offset by higher marketing expenses.

Advertising expenses were 1% of sales for the quarter, compared to 0.8% last year. While year-to-date advertising expenditures increased in absolute dollars, the expenses were 1.5% of sales, even with fiscal 2007. Advertising expenditures for fiscal 2009 are expected to exceed those of fiscal 2008, as we continue media campaigns to support our brands.

Our general and administrative expense was 2.3% of sales for the quarter, the same as last year's fourth quarter. For the full fiscal 2008, general and administrative was 2.6%, even with last year. We expect general and administrative expenses to be about 2.8% of sales in fiscal 2009.

The dramatic decline in investment income was attributable primarily to the performance of our rabbi trust assets. The decline reflects the overall challenging investment environment. We experienced a $20 million investment loss, most of which occurred in the last months of the quarter, compared with the $5 million gain for the same quarter a year ago. For the full year, investment losses were about $29 million.

Interest expense for the quarter was $7.4 million, compared to $7.7 million last year. Year-to-date interest expense was $28 million, compared to $27.7 million last year. We expect interest expense to be approximately $29 million for fiscal 2009. Total long-term debt at the end of the quarter was $350 million, and we ended the quarter with $100 million outstanding on our short-term line of credit, related mostly to working capital.

Depreciation and amortization for the quarter was $31 million, compared to $33 million last year. For the full year, depreciation and amortization was $126 million, compared to $127 million last year. We expect in 2009 that depreciation and amortization will approximate $130 to $135 million.

Our effective tax rate in the fourth quarter was 41.9%, versus 34.9% in fiscal 2007. This higher rate is attributed to the mark-to-market losses in the rabbi trust, which are not tax deductible. The year-to-date effective tax rate is 37.6%, compared to 35.7% last year. For fiscal 2009, we expect the effective tax rate to be between 36% and 37%.

Capital expenditures for the quarter totaled $30 million, compared to $29 million last year. For the full year, capital expenditures totaled $126 million, even with last year. For fiscal 2009 we expect capital expenditures to approximate $140 million to $150 million, mainly related to completion of our new production plant in Dubuque, Iowa. Given changes in consumer preferences, we intend to use this plant for both microwave and canned product manufacturing.

As we stated in our Earnings Release, we will continue to be conservative in managing our capital. That said, our priorities continue to be using our cash flow to grow our business and return cash to our shareholders. We are more cautious today, given the uncertainty in the credit markets, but we do remain confident that adequate capital will be available to meet our strategic growth needs.

The basic weighted average number of shares outstanding for the fourth quarter and full year was 135 million. The diluted weighted average number of shares outstanding for the fourth quarter was 136 million, versus 137 million for the full year. We repurchased 367,000 shares of common stock during the fourth quarter, at an average price of $35.62. We have 2.3 million shares remaining to be purchased from the 10 million share authorization in place. As I stated before, we will continue to be strategic in repurchasing shares of our stock as the use of our free cash flow.

We processed 2.4 million hogs in the quarter, even with last year. For the full year, we processed 9.5 million hogs, compared to 9.4 million last year. Average live hog cost in the fourth quarter was $57.00 per live hundred weight, just below our forecasted range of $58.00 to $62.00 that we called out during our third quarter conference call. This compared with an average live base of $49.00 in the same quarter last year.

At this time, I will turn the call back over to Jeff to discuss the outlook for fiscal 2009.

Jeff Ettinger, Hormel Foods Corporation - Chairman, President, CEO

Thanks, Jody. As set forth in our Release, we anticipate a combination of external factors to impact our business in fiscal 2009. The challenges we face include an oversupply of Turkey breast meat and higher commodity costs during the early part of the year at Jennie-O Turkey Store, the prospect of increasing hog prices as supplies gradually decline, and the uncertain economic environment affecting consumer demand. Opportunities include the flexibility that our strong balance sheet provides, the stability of our balanced model, and the continued momentum and success of our value added products. On this latter point we remain on track to achieve our $2 billion of new product sales by 2012, from sales of products introduced since the year 2000.

After assessing these factors and our business plans for the upcoming year, we have established our fiscal 2009 guidance range at $2.15 to $2.25 per share, versus the $2.08 per share results we announced today for 2008. Consistent with my comments in our August conference call, our first half earnings will likely be down, in comparison to our strong start in fiscal year 2008. We do expect to rebound sharply in the second half, allowing us to achieve higher earnings for the full year in 2009.

I remain confident about our future, notwithstanding the difficulties posed by various macro factors. We have a great team of experienced, dedicated employees. We have a strong portfolio of leading brands within their categories. We are still the leader of value added meals that feature protein. Our products have proven to be highly relevant to consumers during hard times, as evidenced by our continued sales growth. We operate from a solid financial position, which not only gives us the flexibility to weather hard times, but also positions us to make strategic investments in areas that can generate additional profitable growth for our Company.

Finally, we believe our stock is under-valued and that investors with a long-term outlook seeking a quality investment would be well served to give serious consideration to an investment in our Company. At this point, I would like to turn the call over to the Operator for questions and answers from our participants.

QUESTIONS AND ANSWERS

Answer – Operator: Thank you, sir. (OPERATOR INSTRUCTIONS) First question comes from Robert Moskow. Please state your company name, followed by your question.

Analyst: Robert Moskow, Credit Suisse - Analyst

Question – Robert Moskow: Credit Suisse. Thank you. I guess two questions. One is you know, Jeff, I remember in 2002 and 2003, when there was a glut of protein on the market because exports to Russia of chicken dried up, and now we're in a situation where the currency has strengthened, and you could see probably a broader issue there, and I want to know if you think that Hormel will face the same kind of pressures today that it felt back then.

And then secondly, maybe I missed it, but can you give a little more color on what you're doing with your Completes business and what your pace of investment is now, and whether you're going to slow down or not and maybe refocus on cheaper canned goods instead. Thanks.

Answer – Jeff Ettinger: Sure, Robert. First of all in terms of the protein and the export situation, we're obviously at this point coming off of, historically, very strong export markets. We're not counting on those types of markets in our 2009 expectations. We've already seen somewhat of a downturn. At this point, we're not seeing a backup of the raw materials that we're putting out into the market, either through our turkey or pork operations. Time will tell whether, either because of currency issues or because of trade issues, if any of these trading partners put us back into a mode that would be more like '02 and '03, but our best expectation right now is for a slowdown but nothing precipitous.

In terms of some color on the Completes product line, that line is obviously coming off of tremendous momentum over a several year time frame. We continue to feel that the item is an excellent consumer proposition, both in terms of value and in terms of convenience. I can see that we've been a little surprised by the turnaround in the business over the past quarter, or even a couple

months beyond that. It clearly seems to be having an economic effect in terms of consumers' immediate reaction to the recession. We've seen in the case of some of our heavier consumers, perhaps before they were throwing six of these items into the cart, now they're throwing three or four in. Clearly, any time you go to a convenience item, there is an element that you're potentially trading convenience for price, and that maybe you could see some migration back to some of the canned items that some of these items are derived from.

I would point out, however, in the Completes franchise, we have a number of the options are items that really you can't get in a can. We have pork roast, we have beef roast items, we have whole muscle chicken breast items, and so we're kind of retooling our strategy there. We think we have good plans in place in 2009 to support both the red label traditional Completes line and the newer more health-oriented Green Completes items that we introduced in the market this year. We don't expect the 30, 40, 50% growth that we had been experiencing, but we do expect to turn it around and have a positive year on Completes in 2009.

Question – Robert Moskow: And then lastly, you said that your stock is undervalued. And maybe just give us a little more color on how you intend to use your cash flow over the next 12 months, in terms of buying back that stock and how quickly you can do it?

Answer – Jody Feragen: I guess I'll step in and take that call. You know, certainly as we were moving into our blackout period at the end of the fourth quarter, there was a significant amount of turmoil in the credit markets, and access to capital certainly was uncertain at that point. We did not have a repurchase plan in place during the blackout period. Given that, now that we've passed those six weeks and we are seeing that the credit markets, while they're still very uncertain, seem to have returned to a bit more normalcy, and I would expect that if we come out of this call and into an open period where our stock is trading at these levels, that we would take advantage of that.

Answer – Jeff Ettinger: And Robert, on the valuation side, time will tell I guess where the total market settles in in terms of what are appropriate multiples. I guess we look at a Company that still has very solid momentum in its sales, that when all is said and done ended up with a 4% decline in earnings even counting our rabbi trust loss, but has a stock that's down 20% to 30% as being a good proposition for somebody in the long run.

Question – Robert Moskow: Okay, and have you said how big your share repurchase program is, or are you going to the Board to make a recommendation on how big it could be?

Answer – Jody Feragen: Right now we have the 2.3 million shares under the original authorization remaining.

Question – Robert Moskow: Okay. So are you going to go back and ask for a bigger authorization?

Answer – Jeff Ettinger: We'll have that discussion with the Board as we get closer to finishing out the authorization that's in place.

Question – Robert Moskow: Okay. All right. Well, thank you very much.

Answer – Jeff Ettinger: Sure.

Answer – Operator: Next question comes from Tim Ramey. Please state your company name, followed by your question.

Analyst: Tim Ramey, D.A. Davidson & Co. - Analyst

Question – Tim Ramey: Good morning, D.A. Davidson.

Answer – Jeff Ettinger: Hi, Tim.

Question – Tim Ramey: Hey, Jeff. Did you make an assumption on the rabbi trust for your 2009 guidance, or have you just assumed neutral? How do we think about that and I think Jody, you mentioned that the mark there is not tax deductible. Would you confirm that it was about $0.15 a share then in EPS for your 4Q?

Answer – Jody Feragen: For the fourth quarter?

Question – Tim Ramey: Yeah.

Answer – Jody Feragen: Hang on. It was $20 million. Are you looking at the delta?

Question – Tim Ramey: No, I'm not looking at the delta. The delta would be even bigger, wouldn't it?

Answer – Jody Feragen: Yeah. It's not as simple as that because you'd have to go back through and recalculate, but you get the idea that it was a significant impact. For 2009, obviously I'm not planning on having another $29 million. I do have built into the guidance range some further deterioration in the rabbi trust. I'm hoping that doesn't come to pass.

Question – Tim Ramey: Okay. Is there anything you can do to hedge that, or would you do anything to hedge that?

Answer – Jody Feragen: Obviously, if I sold the assets today, I'm only realizing things that now are just paper losses, so a little patience, and wait for the market to get back, and then we do have a plan in place.

Question – Tim Ramey: Okay. And Jeff, you didn't really talk about any benefit to gross margin, or if you did I missed it, for '09. But do you anticipate gross margin benefit? I know you might be thinking about paying higher protein prices later in the year, but a lot of other things have certainly moved your direction.

Answer – Jeff Ettinger: I think we will see that, if you can look at discrete quarters in the later part of the year, as kind of a hard read on the full year basis, given what we're starting with. We still have the carryover effect of the 22 week build-up on the turkey inventories. We also have a very significant kind of build-up in terms of commodity meat values in that part of the business, that as we talked about in the last call, need to work their way through. Clearly the clouds are clearing in that sense, and we should be in a much better position if the current input cost environment holds and if we get out of the oversupply issue, kind of gets back to Robert's first question, that would be the one wild card, would be if exports were to be severely diminished, then that could harm

that. Our outlook right now as I mentioned earlier, for some decline in exports but nothing calamitous.

Question – Tim Ramey: This may be a hard question to answer, but if you think about, say, some of the stunning results in Tyson's pork business recently, your results in the 4Q were good, but not stunning. How would you contrast that? That will be my last question, thank you.

Answer – Jeff Ettinger: That's fine. Our Refrigerated Foods business had a really wonderful year overall. We're expecting 2009 to be a more challenging year for them, especially when you look at the comps that they're going right out of the gate against. They had a 50% up quarter in Q1, and over 20% in Q2.

Right now the overall cutout values as we speak are not as favorable as they were a year ago. We have the added pressure that we have a pretty significant Food Service component in our business that is not performing as well as it would have in a year ago's time frame. So overall, clearly we're very happy with the year. In terms of the quarter, some of their value added businesses experienced some of these same kind of spikes in certain raw materials that compressed margins in some of the value added areas. I couldn't speak to how that impacted Tyson, but clearly that was something that pulled down our results for the quarter, and that has us being cautious about the 2009 outlook for Refrigerated.

Question – Tim Ramey: Thanks, Jeff.

Answer – Operator: Next question comes from Diane Geissler. Please state your company name followed by your question.

Analyst: Diane Geissler, Merrill Lynch - Analyst

Question – Diane Geissler: It's Merrill Lynch, still.

Answer – Jeff Ettinger: Hi, Diane.

Question – Diane Geissler: Good morning. Just on the change in the direction of the plant, my timetable was that you were scheduled to get that up and running later next year. I have November 2009 and maybe my date is incorrect. But I guess I just am curious if you're switching now to some production there will be canned goods, is that something you can bring on earlier, or are you anticipating a lengthy recession here, that by the time you bring it up online late next year, things may already be improving and therefore we wouldn't necessarily want that much exposure to canned goods. So if you could sort of talk us through your thought process there, as far as the timing.

Answer – Jeff Ettinger: Very fair questions, Diane. Timing wise it's not a significant change. You're correct that we had announced the plant would open in November 2009. Our assessment right now, now that we've had several months of construction and now that we're in the process of ordering the different types of equipment that would need to go in, it will likely come online in January 2010, so we're talking maybe a couple months at the most difference. The walls are already up. The roof will be on by the end of this year.

There really isn't any way to accelerate the opening of the overall plant, and so that would still be our game plan, whether we put Canning franchises in there or Microwave. In terms of our assessment of the opportunity, we really have seen excellent momentum in many of our canned items that predates the recession starting. I mean, we put a lot of effort against new product development in some of these franchises. We've done a lot with both trade promotion and our consumer advertising campaigns. And yeah, we do believe that there's a benefit clearly from the economic times we're in as well.

So we've been having to run a lot of our existing grocery products facilities very hard on Saturdays and Sundays in many of the weeks, and so we took a look at the fact that the Completes momentum wasn't what we had originally anticipated when we first announced the plan. We still feel we need the one new production line and that will be a more efficient line for us than where we have been producing it, and we do expect that business to grow in '09. But we think we'll have several options of different product lines we could put into that facility that would be on the canned side of the business that would benefit us over a long period of time. We wouldn't put a line in there if we felt it was just going to be for a few months' benefit.

Question – Diane Geissler: Okay. Great. I appreciate the color there. And then I guess in your Press Release on the outlook side, you did talk about potential decline of supply and I'm assuming you mean hogs and beef. We saw the cattle on feed number late last week, that was a little bit lower than what the trade was looking for. What are your expectations about how the supply of market-ready animals will be as we head through the year, so maybe quarter by quarter, if you have an overview there of what you're looking for on the supply side.

Answer – Jeff Ettinger: I'll let Jody speak to the quarters. I can give you the overall. I mean, the picture we're looking at is about a 3% to 4% decline in both the turkey side of the business and the pork side of the business. Obviously in turkey, we have more direct control over that supply system and started with the amount of [polts] we placed in the system back last summer, so we have pretty good confidence of what numbers we'll see in that regard.

On the pork side we've been paying close attention to overall sow liquidation, which was occurring during the later part of the summer, and which has slowed down quite a bit lately. That's our best read, our best guess right now is probably more in the spring to late winter is when you'll see that come on, and Jody, if you want to add some detail to that, that would be great.

Answer – Jody Feragen: That's absolutely right. Our group's thinking the March, April time frame, and certainly while we have seen actually the sow numbers, prior to more recent times decline, we're also seeing productivity improve. So that mitigates some of that decline. Jeff's right in the overall, and I would expect that sometime toward the end of our second quarter that we would start seeing the numbers coming to market decrease.

Answer – Jeff Ettinger: I guess the other reason we pointed it out is when you track our tonnage numbers for total Refrigerated Foods in Jennie-O next year, you likely will see a down year, based on these input costs. We still expect to be able to push our value added businesses within these franchises.

Question – Diane Geissler: I then I guess, Jody, could you give us an outlook on the hog costs in the first quarter?

Answer – Jody Feragen: I quit being a hog cost forecaster - -

Question – Diane Geissler: You did better this quarter than you thought you were going to back in August.

Answer – Jody Feragen: You know, there are so many moving pieces to that that I think that you'll get your sources from industry, and that will be just as good as what I can do for you, Diane.

Question – Diane Geissler: Okay. Well, can you give us an idea of what you're looking for in terms of the guidance you've given?

Answer – Jody Feragen: As far as the guidance we're giving, we're looking at hog costs that would be above first quarter 2008.

Question – Diane Geissler: Okay. Thank you.

Answer – Jody Feragen: You bet.

Answer – Operator: Next questions come from Farha Aslam, please state your company name, followed by your question.

Analyst: Farha Aslam, Stephens, Inc. - Analyst

Question – Farha Aslam: Good morning, Stephens, Inc. What is the size of the Completes business now?

Answer – Jeff Ettinger: Oh, it's $150 to $200 million range.

Question – Farha Aslam: Okay. And Jeff, you had mentioned that it was the economy that's slowing that business. You've also had new competitors enter that category. How would you characterize the impact of competitors versus economy?

Answer – Jeff Ettinger: At this point, we haven't seen as significant of a competitor impact. There are new players in it. Del Monte's been in for most of the year. ConAgra's Healthy Choice offerings have hit the shelf in isolated stores, that may divert a feature to the new item versus our item that has been out there. But I think we talked about before, we think it's a section that eventually in the store is going to be a large section, and we'll be able to handle multiple players, providing support to the category.

So really, our best read right now is the bigger effect for us has been the economic issue, obviously as we talked about before, we had to take pricing on the line and that's been a challenge to into this environment. But we really need to just sort through how to get people back into looking at the convenience and flavor features of the items, and I guess our knowledge is that we're really not alone in this. It seems like most of the competitive information we see out there would indicate that others in these microwavable or even frozen convenience meals are seeing this at least short-term decline away from their categories, as consumers react at least to the first stage of a recessionary environment.

Question – Farha Aslam: Continuing on that theme, could you talk about how consumers are purchasing protein in your refrigerated space from kind of your fully cooked entrees all the way down, what trades are they making there?

Answer – Jeff Ettinger: The biggest trades we're seeing in Refrigerated world would be obviously Food Service has seen a shift in volumes to the non-commercial side from some of their commercial operators, and obviously just a downturn, period. I mean, our numbers for the year in volumes were flat. That's a unit that historically has grown at an upper single digit range for us. We think they're still holding their own in terms of share and categories, and they're doing a great job of innovating and seeing good growth still of the Cafe H's and Austin Blues and Natural Choice and those types of items, and so we're obviously pushing those right now.

We're also seeing some migration kind of out of the service Deli, particularly when you look at the turkey side of the business. That's part of why turkey breast meat is backing up on an industry basis, and we have observed that in our business. In the service case, you pay for that service, so that's already a much higher ring item per pound than some of the equivalent items in a pre-packaged form, and we've obviously been in a position where pricing had to go up, with all the cost inputs going up as high as they have. So that's in some cases widened that gap even more, and so there has been some migration away from that.

Question – Farha Aslam: And my final question is you expect commodity costs to be up in your turkey division in the fiscal first half. Is that reflecting grain hedges or how grain flows through the turkeys? Could you share some detail on that front?

Answer – Jeff Ettinger: Sure Fahra, it's really a little bit of both. We clearly will have that expectation for the first quarter, in terms of just sheer cost impacts and the flow-through of costs, and then we should start seeing some improvement in the second quarter, but we don't have an exact count yet as to what that measure will be. And then although we don't articulate exact hedge positions, we have stated in the past that our policy would put us anywhere between 25% and 75% hedged on grain, and we do acknowledge that we have hedge positions in place right now that are above the current market, and so that would factor into our overall guidance for that segment as well.

Question – Farha Aslam: Okay. Thank you very much.

Answer – Operator: Next questions come from Christina McGlone. Please state your company name followed by your question.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Good morning, Deutsche Bank.

Answer – Jeff Ettinger: Hi, Christina.

Question – Christina McGlone: Good morning. Jeff, I wanted to talk maybe about Grocery, because when I think about looking out, trim costs have come down a lot, we should be seeing a greater supply of manufacturing beef because of imports, and your mix does lend itself to economic weakness. So I'm curious, what is the offset? Are we seeing more private label competition? Is it more difficult to price? What's offsetting the benefits that we see looking out?

Answer – Jeff Ettinger: Well, for starters, Christina, we have a pretty solid expectation for Grocery products in 2009. We do feel that they have on trend items that should benefit from both a consumer interest and from some of the cost factors you mentioned. During this last quarter, you mentioned trim costs for example, I mean, there was a very significant spike in trim costs that hurt not only their part of the business but Burke and some of the other areas where we use trim and raw materials for the meat items as well, that has settled way back down, and so that's clearly in the rear view mirror now.

So we have solid expectations for the unit going forward. They ended up generating a full year increase in segment profit of about 5%; that's a couple of years in a row they've hit at that level, and our expectation is they should be able to deliver in the high single digit level, which is kind of the typical norm of the Packaged Food competitive set.

Question – Christina McGlone: In terms of private label competition, have you seen that heat up at all?

Answer – Jeff Ettinger: We've seen it in some categories. It's more significant than ever in salsa and it's been more significant in chunk chicken and chunk meat items, so it varies by segment. It clearly has not harmed us at all, in terms of some of our [Bell Weather] franchises like Dinty Moore Stew, or SPAM luncheon meat, or Hormel Chili, or Mary Kitchen Hash; they're all very solidly up for the year and continue to have momentum all the way through the end of the year.

Question – Christina McGlone: Looking at Jennie-O, when you last gave us guidance, it seems that there have been really aggressive cuts in turkey egg sets and corn has come down, and I guess you just talked about some your hedges. Are you maybe more optimistic than you were, or has something else come in on the negative side?

Answer – Jeff Ettinger: I guess I'm about the same. I mean, it just takes a while to turn that ship around in that industry, and so we've felt, even as of last conference call, that it was not going to be early in the year that we saw the immediate improvement, but in the long run those macro factors you mentioned should be favorable to turkey. We should see strengthening in price as the cutbacks roll through the various systems in the industry, and we should see improvement on the grain side.

Now, the only other outlook that's hard to know right now would be are today's grain markets going to hold. Corn has been tracking very closely with oil for the past 18 to 24 months. At some point it's own supply and demand equation may well kick in, and we still do have the added challenge in this industry that ethanol today uses over 30% of the corn crop and has mandates in place to continue to use an even greater percentage of it. That's something we're mindful of and watching out for going forward. But overall, I guess my outlook is still about the same, which is that we should be in a better position with that business in the second half and heading into 2010.

Question – Christina McGlone: Okay. And then just last question, I was curious if there's an impact from country of origin labeling on your business?

Answer – Jeff Ettinger: There's no financial impact. We're clearly, as anyone else has to in the industry, are prepared to handle it. For us it's a customer-specific item, so we're prepared to have either product of US only, or product of a mix of US and Canada. Being in the upper midwest and not owning our own farms, we deal with the family farms in the region and historically, they have brought in baby pigs to raise in their systems and finish in the country, and those are considered then a mixed origin product, and so we offer our customers either products that's segregated with only product from the US, or the mixed origin product.

Realistically, the latter is going to be a more price competitive item for them. Any time you do a special segregation, whether it's for organic or natural or you name it, you're adding some cost to the system. That's what the government has chosen to do. We're in a position to be able to respond to it and handle it, but we don't see it having an impact on us economically.

Question – Christina McGlone: Okay. Thank you.

Answer – Operator: Next questions come from Ann Gurkin. Please state your company name followed by your question.

Analyst: Ann Gurkin, Davenport & Company - Analyst

Question – Ann Gurkin: Ann Gurkin with Davenport, good morning. Just want to continue on with Jennie-O just a little bit. With the feed prices down and assuming they stay at this level, when do you think turkey prices would catch up with your input costs?

Answer – Jeff Ettinger: Probably in the later spring to early summer. The one I'm more hedged on to be honest with you is the price side. The cost inputs as we've talked about are kind of a flow-through and you see them coming. It's just harder to read. There's a fairly significant backup in cold storage. Meat's just not moving right now. This is not the time of year where breast meat does move very readily.

We'll certainly have a recovered supply demand outlook even by spring, but you how long will it take to clear some of the prior product, that's the question to me. My best outlook would be late spring, early summer.

Question – Ann Gurkin: Your grocery products segment in the past, say, four to six weeks, have you seen any significant change in either consumer buying, consumer behavior or competitive behavior, either pricing or innovation or anything like that?

Answer – Jeff Ettinger: Nothing that we didn't talk about in the release or the script. It really was a phenomenon for really the whole quarter, the shift away from microwave a little bit, and toward, for us, the canned items, but more a family oriented item. Otherwise, no, there's nothing that's been going on just in the last few weeks that I could point to.

Question – Ann Gurkin: Thank you very much.

Answer – Operator: Next questions comes from Mike Hamilton. Please state your company name followed by your question.

Analyst: Michael Hamilton, RBC Capital Markets - Analyst

Question – Michael Hamilton: Good morning, Mike Hamilton, RBC.

Answer – Jeff Ettinger: Hi, Mike.

Question – Michael Hamilton: First, just a question coming back to repurchase for Jody. Is there anything in your guidance that you're taking off of share repurchase this year?

Answer – Jody Feragen: Not significantly. No.

Question – Michael Hamilton: Thanks. Jeff, could you talk a little bit about what you're seeing out of Farmer John, you made a couple of comments on the processing side, but what you're seeing at retail, and what your tactical opportunities are here in the year ahead?

Answer – Jeff Ettinger: I'm seeing improvement, but a business that still has a long way to go. They've done a very nice job of improving the presence of the brand in the marketplace. You know, it is the share leader, and we're starting to build our shelf positions to be more equivalent to what we deserve for the kind of share we have in the marketplace. I think both their trade and consumer promotion efforts have been really quite strong. They've done a nice job in the last couple years building their Food Service franchise, and they have some excellent customers in that area. We're nowhere near the kind of positive [EVA] return we want to have on the investment we made in that Company but we're headed the right direction and we think they're doing the right things to get us there.

Question – Michael Hamilton: Finally from me, anything in this environment that you're planning on doing on the cost take-out side?

Answer – Jody Feragen: Well, I can tell you that. Certainly with these challenging economic times and the amount that we have invested in some of our working capital, we're asking everyone to really focus on getting our working capitals back in line, as well as any discretionary expenses, any capital expenditures that we can potentially wait on, we're taking looks at all those things. So I think just like the consumers are today, we take that stance with the Company.

Question – Michael Hamilton: Thanks for the help.

Answer – Operator: Our next question comes from Chris [Pulitzer]. Please state your company name followed by your question.

Analyst: Chris Pulitzer, Barclays - Analyst

Question – Chris Pulitzer: It's Barclays.

Answer – Jeff Ettinger: Hi, Chris.

Question – Chris Pulitzer: Couple of questions. I know in Completes it sounds like you're saying the ConAgra [entrance] there, Del Monte competition in there, is maybe not such a big deal of the broader economic environment, but I was wondering how much of an effect do you think you're seeing in that category from a more promotional pricing behavior in the Frozen Entrees category, or is it really that there's little cannibalization of shelf [staple] by Frozen?

Answer – Jeff Ettinger: If anything, we kind of felt we've benefited the other way around. That clearly has been somewhat of a source of volume for us is to source away from Frozen, because the product offers, especially in an office environment, so many benefits in terms of where you store it, how long it takes to heat up, the consistency of heating, et cetera. So no, we really haven't see the opposite occur. It seems to be more decisions consumers are making about how many of the items to purchase at a given time and their value perception within our part of the shelf.

Question – Chris Pulitzer: And then if I'm just thinking about other categories where you compete and kind of the deflationary grain and energy environment we've seen more recently, seems like there could be some categories where there's kind of misalignment in resolve to keep in place pricing. Are there any categories that are more specific to Hormel that are kind of watch points for you?

Answer – Jeff Ettinger: In terms of deflation you're saying?

Question – Chris Pulitzer: In terms of competitors becoming more aggressive on pricing because of the deflationary grain and energy environment.

Answer – Jeff Ettinger: I mean, our business with our balanced model, we kind of live in two worlds, and so within the Grocery arena, we've really been gauging our pricing to try to maintain margins within the categories. We've not pushed them. We're not trying to widen our margins or enhance our overall profitability on pricing. And so that will continue going forward in the Grocery side.

On the Meat side, you've got a combination of there are some items that kind of move with markets no matter what environment you're in. The ham and bacon world within those arenas, fresh pork, really move on a market basis, and are going to be much more based on supply and demand as that raw material than there are overall energy costs or anything else.

And secondly, for whatever ability the Packaged Foods side has had in getting pricing to match the cost, I think it's very clear that the protein side of the business has had a heck of a time, given our supply and demand situation, to be in the same boat. That's something we explain to our customers when we go in and are still seeking pricing on certain items, is we can just point to the results of not only us, but really all of the other major players within the protein segment, that the supply and demand equation of our meat complexes did not allow us to take the pricing to fully cover our costs, and so we're still a little bit in the catchup mode here and I think we'll continue to be through the early part of '09.

Question – Chris Pulitzer: And then in looking at the balance sheet and the priority for uses of cash, it would seem to me that there's probably no shortage of cheap protein assets that are out there, and maybe could be tempting for a manufacturer with a pretty clean balance sheet. I don't suspect that you're too eager to move in a more commodity oriented direction, but I guess I was curious if there's an opportunity to leverage Jennie-O into chicken in a more value added way, and whether that brand has been tested sort of as a chicken brand with consumers?

Answer – Jeff Ettinger: We haven't really tested that brand, the chicken brand. We do have items, meal based items, within our portfolio that we utilize chicken and we see that as a potential area of expansion, but we really are not interested in getting into any

verticality in the Chicken segment.

We recognize that would be a huge change to our Company to be a big player in chicken. And it's a very volatile business. It doesn't really meet the kind of long-term steady growth that we want to deliver to our shareholders. So you should see more products with chicken from us in various parts of our business, potentially including Jennie-O. They do have a deli item for example that's a chicken-based item that's a Jennie-O Turkey Store brand that has sold well for a number of years, but I don't see us getting into the kind of businesses I think you're referring to.

Question – Chris Pulitzer: So any potential asset purchases on that front would be more to fulfill internal requirements, rather than to sell commodity-based product?

Answer – Jeff Ettinger: That's correct.

Question – Chris Pulitzer: Okay. And then also on the chicken front, if we do see more permanent capacity elimination there, is that historically - - I mean, I guess there's not a lot of historical precedent, but would you expect that to be a positive for turkey pricing?

Answer – Jeff Ettinger: Yeah, I mean, the influence tends to be more on the export side. When you get into the retail grocery store, chicken is a major feature item all the time, whereas turkey is really more of a niche item, and so there's less direct relationship there, but it certainly is more favorable than not. It's never good in our industry to have a particular glut in any particular element of the protein.

Question – Chris Pulitzer: Okay. And then I guess in keeping with the challenged protein theme, are you seeing right now just anecdotally, anyway, any hog producers that are kind of close to any of the chicken guys, where they're experiencing or maybe facing bankruptcy in fairly short order?

Answer – Jeff Ettinger: No, I mean, we keep in close contact with our grower network. Clearly, these are much more challenging economic times for them than what they enjoyed during the early part of this decade. A number of the better run operations really built up some fairly significant equity in their operations though during the three to four-year run that was more positive. Clearly, the current term reduction in grain costs has been favorable to them and gives them a more positive outlook heading forward. Could you have one on a case by case basis? Yes, and that's something we would watch out for, but there's nothing rampant going on that we see in our network.

Question – Chris Pulitzer: My last question is just you had mentioned I think being exposed on hedges above current market prices. Just wondering if you could quantify any mark-to-market losses that you had in the quarter.

Answer – Jeff Ettinger: In the quarter?

Answer – Jody Feragen: You know, we use hedge accounting, so we don't mark-to-market through our P&L.

Question – Chris Pulitzer: Got it. Okay. Thank you very much.

Answer – Operator: Next question comes from [Akshay]. Please state your company name followed by your questions.

Analyst: Unidentified Participant, Keybanc Capital Markets - Analyst

Question – Unidentified Participant: Good morning. This is [Akshay] from Keybanc Capital Markets . How you doing? I want to just focus a little bit on the Refrigerated Foods here. I don't know if you've stated in giving your guidance, do you expect profits if Refrigerated Foods to be down next year or flat or what are you modeling? Are you willing to say that at this

Answer – Jeff Ettinger: I expect modest growth on a full year basis out of Refrigerated Foods. They could have more challenges given the comps I referred to earlier in generating a positive segment profit in the first half of the year, but if you look at the full year, that's our expectation.

Question – Unidentified Participant: Okay. The reason I ask that is because I was running some numbers and I know you're not comfortable giving out a projection for hog costs, but I just wanted to run some numbers by you, because what I'm trying to get at is, I think you eluded to about a 3% reduction in supply is what you think generally is going to happen with pork next year. So I'm trying to look at what it's going to take for you guys on the pork, on the cut-out, to get to, let's say, flat year-over-year profits. So that would imply that on my numbers, you would have to get almost a 16% increase in the pork cut-out price next fiscal year for you to have similar profit per pound going forward.

So the way I'm doing that math is I'm looking at futures which point to about a $54.00 live price in your fiscal year '09. And I'm assuming that the dropped value stays the same as this year. But I'm just trying to understand, I mean, can you give us some guidance on what you're assuming for pricing, because that's really what I'm getting to, is you're talking about a 3% reduction in supplies, which could be debated whether that's going to happen, given what's going on on the liquidation front right now. But assuming that happens, what kind of a pricing increase do you need on the pork cutout to be able to get to flat year-over-year EBIT for Refrigerated Foods?

Answer – Jeff Ettinger: I really would have a hard time responding to a detailed modeling question on the fly here, and some of that information we really don't disclose on a regular basis. The other thing I guess I would point to, though, when you look at Refrigerated Foods, is for us it really all comes back to that we're building branded food franchises. Yes, there's an element, the results of Refrigerated Foods, they're going to be affected by the pork part of the business, both in terms of the supply and the fresh meat values, but we also have to factor in our Food Service business, our Meat Products business, our branded items, the advertising we do on those items, and so forth.

The best I can do is refer you back to what we just talked about in terms of our expectations for the business overall. It's been a wonderful growing business for us. They're coming off of a fantastic year in 2008. They had particularly strong results in the first half of '08 that we have talked about are going to be hard to match against. But overall, I would expect modest growth out of them in '09, and then after that, frankly, to have them come back to our historical long-term guidelines of our 5% revenue growth and

10% earnings growth, as you head into future years.

Question – Unidentified Participant: That's helpful. Just one more follow-up, if I may. Just focusing on the supply side, so am I right in understanding that you think there's going to be a 3% reduction in overall pork supplies in '09?

Answer – Jeff Ettinger: Yes, that's what we're factoring in to our numbers for our fiscal year. I mean, you may time it differently if you look at other companies in other fiscal years, but that's our best shot at it right now.

Question – Unidentified Participant: What does that imply in terms of that's got to be more than a 3% reduction in the herd, right, because you continue to see positive productivity numbers, so I would assume that you're thinking that the herd numbers are going to come down significantly?

Answer – Jeff Ettinger: Actually, maybe you could contact me after the call and I can give you a little bit more of that detail.

Question – Unidentified Participant: Okay.

Answer – Jeff Ettinger: Do you have another question?

Question – Unidentified Participant: No, no, that's it. I'll follow up later on.

Answer – Jeff Ettinger: Thanks.

Answer – Operator: Next question comes from John McMillin. Please state your company name, followed by your question.

Analyst: John McMillin, Lord Abbott - Analyst

Question – John McMillin: Lord Abbott. Happy Thanksgiving, everybody.

Answer – Jeff Ettinger: Hello, John. There's a familiar voice.

Question – John McMillin: I'm still here.

Answer – Jeff Ettinger: Good.

Question – John McMillin: I'm sure Joel's on somewhere too. These hedges, I mean, historically you never hedged turkey feed costs, did you? When did that change?

Answer – Jeff Ettinger: We started getting involved in hedging about four years ago.

Question – John McMillin: Is that right? Well, there you go. Okay. So this is not something that you just picked up and picked the wrong time to do it. Okay.

Answer – Jeff Ettinger: That's correct. In fact it was very beneficial in 2008.

Question – John McMillin: And basically these hedges last through how long, did you say?

Answer – Jeff Ettinger: Well, really in grain, the most you can hedge out any given time is 18 to 24 months. What we're talking about right now is 2009.

Question – John McMillin: Okay. Thanks a lot.

Answer – Jeff Ettinger: Sure, John. Operator, how many more calls are in queue?

Answer – Operator: There appear to be no further questions, sir. Please go ahead with any points you wish to raise, sir.

Answer – Jeff Ettinger: Thank you for joining us today and have a happy Thanksgiving, everyone.

Answer – Operator: This concludes today's conference call. Thank you for participating. You may disconnect your line now.

EXHIBIT 4

Q2 2009 Hormel Foods Corporation Earnings Conference Call

AUSTIN May 22, 2009 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp earnings conference call or presentation Thursday, May 21, 2009 at 1:30:00pm GMT

CORPORATE PARTICIPANTS

- Kevin Jones, Hormel Foods Corporation - IR
- Jeff Ettinger, Hormel Foods Corporation - Chairman, President & CEO
- Jody Feragen, Hormel Foods Corporation - SVP & CFO

CONFERENCE CALL PARTICIPANTS

- Akshay Jabel, KeyBanc - Analyst
- Ted, Stephens, Inc. - Analyst
- Christina McGlone, Deutsche Bank - Analyst
- Jonathan Feeney, Janney Montgomery Scott - Analyst
- Chiris Bledsoe, Barclays Capital - Analyst
- Ann Gurkin, Davenport - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Hormel Foods second quarter earnings conference call on the 21st of May 2009. Throughout today's recorded presentation all participants will be in a listen-only mode. After the presentation there will be an opportunity to ask questions. (Operator Instructions).

I would like to hand the conference over to Kevin Jones. Please go ahead, sir.

Kevin Jones, Hormel Foods Corporation - IR

Good morning. Welcome to the Hormel Foods conference call for the second quarter of fiscal 2009. We released our results this morning before the Market opened, around 6:30 a.m. central time. If you did not receive a copy of the release you can find it on our website at www.hormelfoods.com under the investor section. On our call today is Jeff Ettinger, Chairman of the board, President and Chief Executive Officer, and Jody Feragen, Senior Vice President and Chief Financial Officer. Jeff will provide a review of the operating results for the quarter and an outlook for the remainder of the fiscal year, then Jody will provide detailed financial results for the quarter. The line will be open for questions following Jody 's remarks. An audio replay will be available beginning at 10:30 a.m. central time today, May 21, 2009. The dial in number is 800-406-7325, and the access code is 4063374. It will also be posted to our website and archived for one year.

Before we get started with the results of the quarter I need to reference the Safe Harbor statement. Some comments made today will be forward looking and made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed in or implied by the statements we will be making. Among the factors that may affect the operating results of the Company are fluctuations in the cost and availability of raw materials and market conditions for finished products. Please refer to pages 25 through 30 in the Company's 10-Q for the quarter ended January 25, 2009 for more details. It can be accessed on our website.

Now I'll turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman, President & CEO

Good morning. We were please with our results in the second quarter, especially given the negative cutout margins in our pork operation and the low commodity turkey meat prices. Our Q2 earnings of $0.59 per share represent a 5% increase over OUR record results of a year ago. While total sells were essentially flat at $1.6 billion, due to reduced basic processing tonnage in both our turkey and pork operations, sales of our branded meat products and grocery products groups were both up. I will now take you through each segment.

Our Grocery Product segment reported a dollar sales increase of 4% and a segment profit increase of 5% for the second quarter. Given the strong quarter we had in Grocery Products a year ago this is an impressive result. Double-digit increases in the sales of our Spam family of products, Dinty Moore Stew and Hormel Chili were key drivers for Grocery Products. Sales of Chi-Chi's and our [Des] Mexican products were also strong during the quarter. Sales of our completes microwave meals improved from last quarter thanks to increased promotional efforts. Sales comparisons for Grocery Products in the second quarter and in ensuing quarters will be affected by the dissolution of our joint venture for Carapelli olive oil. The new owners of the brand also distribute olive oil in the United States under the Bertolli and Carbonel brands and have chosen to consolidate these offerings outside of our venture. We did generate a gain at the corporate level by virtue of the sale of our joint venture rights.

Our Refrigerated Food segment reported flat dollar sales and operating profit was down 7% from a year ago. The primary driver of this weaker performance was the negative cutout margin experienced throughout much of the quarter. Our Farmer John subsidiary was pressured these same difficult circumstances and also experienced negative margins in their farm operations. On the positive side our Meat Products group had an outstanding quarter, achieving high single0digit sales growth in its branded portfolio of products. We achieved double-digit sales growth in Pepperoni, Natural Choice luncheon meat and Di Lusso Deli Company products. We also saw a turnaround from last quarter on sales of Hormel refrigerated entrees, Lloyd BBQ tub meats and Hormel flavored marinated pork loins. Food Service sales within our Refrigerated Foods continued to decline, as the trend of eating more meals at home and decreased travel took their toll.

Our Jennie-O Turkey Store segment reported a sales decrease of 1%, but an operating profit increase of 42%. Lower feed expenditures, due to our planned cuts in turkey production, and a decrease in cost per ton was the primary driver of this improved

profitability. Production was actually down low double digits, but sales volume only dropped 4% as we made a significant reduction in inventory. This tightening of production allowed us to avoid generating surplus breast meat, which would have been sold at a loss under current market conditions. The team at Jennie-O was also focused on moving more turkey into value-added products during the quarter. A continuing success story was the Jennie-O Turkey Store Fresh Tray Pack turkey line of products.

The Specialty Food segment reported decreased sales of 5%, down 8% excluding acquisition, and operating profit was down 1%. Within the segment our specialty products group generated increased sales of private label canned meat products and our Diamond Crystal brand subsidiary achieved increased sales of its sugar substitutes and liquid portion products. These successes were off -- were unable to completely offset weaker sales of nutritional and ready-to-drink products by our Century Foods subsidiary. Our All-Other segment, consisting primarily of our Hormel Foods International business, reported increase dollar sales of 3% but a 14% decrease in operating profits. Export sales of fresh pork and the Spam family of products strengthened bit were more than offset on the bottom line by a strong US dollar and weaker results by our joint ventures. Overall our second quarter results once again demonstrate the benefits of our balanced business model. I am proud that our team was able to be do better than expected this quarter amidst a difficult operating environment.

Looking forward we still face a number of challenges to our business as a result of the unsettled economy. These include the continuing unfavorable cutout margin; the prevailing oversupply of turkey commodity meats; uncertainty regarding commodity grain prices; continued weakness in the Food Service sector; and potential export issues. Nonetheless we have a number of strengths that should allow us to deliver positive comps for the remainder of the year. These include solid sales momentum of our strong portfolio of branded products; the improvements we have made in matching our pricing to our costs; and our rock-solid balance sheet, which allows us to take advantage of strategic opportunities that present themselves. Based on positive results this quarter we now anticipate full-year results in the upper end of our previously-announced guidance range of $2.15 to $2.25 per share.

At this time I will turn the call over to Jody Feragen to discuss the financial information relating to the second quarter of fiscal 2009.

Jody Feragen, Hormel Foods Corporation - SVP & CFO

Thank you, Jeff. Good morning, everyone. Earnings for the fiscal 2009 second quarter totaled $80.4 million, or $0.59 per share, compared to $77.6 million, or $0.56 per share a year ago. Earnings for the first half of fiscal 2009 totaled $161.8 million, compared to $165.7 million, a year ago. Dollar sales for the second quarter totaled $1.6 billion, which is even with last year. For the first half of 2009 dollar sales increased 2%, to $3.3 billion. Volume for the second quarter was 1.1 billion pounds, down 2% from fiscal 2008. Acquisitions added 6.3 million pounds to the quarter. Year-to-date volume was 2.3 billion pounds, down 2% from fiscal 2008. Acquisitions added 11.8 million pounds to the first half of the year. As Jeff indicated our turkey production was down double digits due to impact of reduced numbers and lower weights off the farm.

Selling, general and administrative expenses in the second quarter were 8.8% of sales this year, even with last year. Year to date the expenses were 8.6% of sales compared to 8.8% last year. We expect selling, general and administrative expenses to be approximately 9% of sales for the remainder of the year. Advertising expenses were 1.6% of sales for the quarter compared to 1.7% in 2008. Year-to-date advertising expenses are 1.5% of sales compared to 1.7% in fiscal 2008. We have experienced lower media rates, which improve our reach and frequency measures. We expect advertising expenditures for fiscal 2009 to be approximately equal to our 2008 expense.

Interest and investment income was $8.6 million for the second quarter compared to income of $3.3 million in fiscal 2008. For the current quarter we had higher returns on the Rabbi Trust investment versus last year, and as Jeff mentioned, a $3.6 million gain on the dissolution of the Carapelli joint venture, Interest expense for the quarter was $6.9 million, compared to $6.4 million last year. Year-to-date interest expense is $14.4 million compared to $13.1 million last year. We expect interest expense to be approximately $28 million to $29 million for the full year. Our effective tax rate in the Q2 was 35.5% versus 36.1% in fiscal 2008. The year-to-date effective tax rate is 35.1% compared to 36.4% last year. We expect the affective tax rate for fiscal 2009 to be about 36%

The basic weighted average number of shares outstanding for the second quarter and first six months of the year was 134 million shares. The diluted weighted average number of shares outstanding was $135 [sic] million for the second quarter and the first half of the year. We did not repurchase any shares of common stock during the second quarter. We have 1.9 million shares remaining to be purchased from the ten million share authorization in place. Depreciation and amortization for the quarter was $31 million, which is even with last year. For the first half of the year depreciation and amortization was $62 million compared to $64 million last year. We expect the full-year depreciation and amortization to be approximately $125 million to $130 million.

Total long-term debt at the end of the quarter was $350 million. We ended the quarter with $100 million outstanding on our line of credit. Year-to-date cash flow from operations improved over 2008, as we emphasized initiatives to reduce our working capital. We have deliberately built our cash balances in response to the uncertain credit market. Given the improvement in our working capital, and with somewhat more certainty in the credit markets, I would expect that we will be repaying our line of credit before the year is over. Capital expenditures for the quarter totaled $20 million compared to $36 million last year. For the first six months of the year capital expenditures totaled $46 million compared with $68 million last year. For 2009 we expect capital expenditures to be about $100 million.

At this time I will turn the call over the the operator for the question-and-answer portion of the call. Operator?

QUESTIONS AND ANSWERS

Answer – Operator: Thank you, madam. (Operator Instructions). Thank you. And the first question comes from [Akshay Jabel] from KeyBanc. Please go ahead with your question.

Analyst: Akshay Jabel, KeyBanc - Analyst

Question – Akshay Jabel: Good morning.

Answer – Jeff Ettinger: Hi, Akshay.

Question – Akshay Jabel: Hi, congratulations on a really good quarter, first off. Just couple of questions. First of all, your

guidance you said you intend to be in the high end of your range, if we take the high end it implies about 21% EPS growth over the prior year's like-for-like EPS, and that was down about 18%. So in my view it still seems a little conservative, which is okay, but I just wanted to talk about that relative to your divisions.

You highlighted some risks and for me when I look at your Jennie-O Turkey division the main risks there are corn and soybean prices, as well as what's happening on the pricing, and which I think we're seeing an inflection point on the pricing side for commodity meat given what's happening on the supply side. So I just wanted you to talk a little bit about the risks in each section and what makes you a little bit conservative about your guidance? And the same thing on refrigerated foods, if you could talk about the cutout as being -- it's been weak, yet you had very good performance this quarter. So I guess the bottom line is, you had all those risks in this quarter, yet you seem to have outperformed not only the market but your own expectations so given that I'm just trying to see if there's any incremental risk going forward for each of those divisions?

Answer – Jeff Ettinger: Okay. At the divisional level a couple of quick comments. On pricing inflection point we certainly see the industry supply and demand getting in balance, but we're not seeing the move in pricing yet. Breast meat is still very low, cold storage stocks are still very high. We're starting to head into the summer season and so it certainly should start correcting itself, but in the meantime the quarter's already started and so we're not there yet. In terms of the refrigerated outlook, entering into this year we never expected the negative cutout situation that we've been experiencing, and you are correct that we had an excellent quarter from the branded standpoint in recovering most of that. The cutout issue is still with us for right now, and you can add to that a little bit of uncertainty now at the export markets on the heals of the H1N1 issue, so it does make us concerned. We'll -- if both of those things were to clear up and we got back to more normalized cutouts and the export issues went away then we probably would be being a little more optimistic.

In terms of the overall rationale for where we ended up on the guidance -- and when all's said and done we had a good second quarter, certainly up year over year, but we're flat for the year when all -- at this stage of the game. We had two of our five operating segments reporting a gain in the quarter and only one of five in the first quarter. Our expectation for a second half is that we expect both quarters to be up, we expect to gain in the vicinity of $0.15 plus or minus for the -- over for the half, and we expect the majority of segments to start generating gains. We don't anticipate at this point it'll probably be all of them but we're certainly seeing -- we think we'll see some improvement there. And so ultimately it does [tell us it's all about] delivering rather than forecasting, and we've given you what we think's our best assessment given what we're up against right now and the momentum we have.

Question – Akshay Jabel: That's great. Just one more follow up and this is, I guess, mostly Jody. In terms of your cash I know you talked about the credit environment, but from all we're hearing the credit environment seems to be easing, and looking at the cash per share, $2.30 a share right now, typically is around $1 so it's really a lot higher than it used to be. You also have quite a bit of room on your balance sheet. Can you just talk a little bit about how you plan to use that going forward. You didn't buy back any shares this quarter either. I understand the comment about credit tightening, et cetera, but it certainly seems to be easing. So if you could talk a little bit about cash flow usage for the latter half of the year that would be great?

Answer – Jody Feragen: Certainly. Obviously we have some outstanding balances on our line of credit and that would be a thing that we can use that excess cash with. Other than that our cash priorities have not changed. We look to continue to invest in our businesses. We are continuing with my -- with the completion of the production facility in Dubuque, Iowa. Give all that, though, we have seen our operations -- when we were initially challenged with these uncertain credit markets we asked people to prioritize their capital expenditure spending and you'll see that we're down year to date, I expect that to pick up in the back half, so we'll continue investing there. We do have the opportunity to repurchase shares and that was somewhat slowed down as we moved into this uncertain economic times and as you said, we're seeing a little bit better response on the credit side so that gives us the tune for cash there. Then we, obviously, will continue to meet our commitments on dividends.

Question – Akshay Jabel: Okay, thank you very much. I'll pass it on.

Answer – Jeff Ettinger: Great.

Answer – Operator: Thank you. And the next question comes from Farha Aslam from Stephens, Inc. Please go ahead with your question.

Analyst: Ted Stephens, Inc. - Analyst

Question – Ted Stephens: This is [Ted Drangola] sitting in for Farha.

Answer – Jeff Ettinger: Hi, Ted.

Question – Ted Stephens: I noticed on your commentary somewhat of a pick up in convenience items in the retail channels, could you guys comment some more on those trends and how that's going thus far into the fiscal third quarter and the fiscal fourth quarter. Is there any potential it might be seeing a bottoming here and an improvement in that area?

Answer – Jeff Ettinger: I definitely would go with your last statement about bottoming and improvement. We had seen significant declines in the complete franchise starting third quarter last year, double-digit declines for a couple of quarters, it's gotten somewhat better in the first quarter and then, yes, this last quarter we saw it moderate and we're back to a fairly even slight gain position on the shelf stable side of the franchise. Similarly we had seen declines -- not as over as many quarters but we had seen some declines on the refrigerated entrees -- the Hormel entrees and the Lloyds -- and this quarter was -- the second quarter was better. We are certainly trying to do what we can to address any issues consumers might have with the value proposition on the items. I think we said in prior calls to us when all is said and done a complete meal in the mid-$2 range is still an excellent value. So we're being more aggressive about communicating that. We're certainly working with retailers to work on positioning and pricing of the items on a future basis. so I am encouraged that those businesses should be able to now start growing again going forward.

Question – Ted Stephens: Okay, great. And then just switching over quickly to the pork area. You made a quick allusion there to the H1N1 virus so just to follow up, any color on how that is settling out? And particularly in some of the markets I know you talked about there was some strong results in Mexico, but anything that's changed on that sequentially in Mexico or other markets particularly with respect to hogs and pork?

Answer – Jeff Ettinger: Well, we're more of a domestic player than some of our competitors in terms of where our pork ends up. What we saw domestically was, the first couple of weeks after the scare hit we did see some declines, probably close to 10% decline in fresh pork volume. The pork producers and others have been aggressive about putting out ads and we've been supportive of those, and so we've seen a restoration of the domestic business. We have some excellent features heading in to Memorial Day here, for example. In terms of export markets it's a little hit and miss right now, There are some that are closed, there are some that have some fairly significant restrictions. Mexico, their issue's related more to demand. Their economy came to a screeching halt there with all the things going on in that country and so that that really disrupted any normal flow there, but we think that will come back to more reasonable levels.

Question – Ted Stephens: All right. And then I guess the last -- just one last thing on the hog/pork situation. We've seen hog prices come back a little bit. What are you guys expecting on a comparable basis for hog prices these year versus last year, I guess for the remainer of the year?

Answer – Jody Feragen: Well, I quit -- I got out of the hog forecasting business because I think there's better forecasts that you can obtain publicly. We see a contraction in the overall supply of hogs for the year but not as much as we'd originally anticipated. And I would expect that prices will be somewhat less than last year, but higher than what we've seen in the first half of the year.

Question – Ted Stephens: Great, thanks.

Answer – Operator: Thank you. The next question comes from Christina McGlone from Deutsche Bank. Please go ahead with your question.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Good morning.

Answer – Jeff Ettinger: Hi, Christina.

Answer – Jody Feragen: Good morning.

Question – Christina McGlone: Jeff, I wanted to understand, when you were talking about Jennie-O you talked about drawing down inventory and that allowed you not to put surplus breast meat on the market. Can you explain that? What does that mean going forward if your inventory's now drawn down and when you're producing are we going to see more breast meat hit the market or you're using more of that meat internally now?

Answer – Jeff Ettinger: Yes, Christina, I didn't do a very good job of explaining that then. What hap -- first of all let's just talk production. We announced the production cut last year, and that production cut indeed is flowing through the system. We had announced 7% to 8%, and then we added a little bit to the cut and so when all is said and done we ended up in the low double-digit range of actual meat being produced in the plants during the quarter. What I meant by inventory draw down is, we were similar to many others in the industry in that turkey stopped moving on an aggressive basis last fall and so we ended up with extra whole birds, we ended up with extra meat, and we've been systematically liquidating the positions so we don't sit on inventory. We're now in a better position in terms of balance but the production cuts going forward will still be in place. So all I was trying to point out there was that our sales tonnage decline didn't match our production decline because we were still selling off that old inventory.

Question – Christina McGlone: Okay, got you. So just not selling surplus breast meat is more of a production. It wasn't an inventory issue, just a drop in production?

Answer – Jeff Ettinger: Right. And then strategically that is what we're trying to do here, is we're trying to tighten the system back down so that the meat we bring in is supportive of our value-added portfolio and that we, as much as possible, stay out of the commodity meat game.

Question – Christina McGlone: Okay. You had said this, but things we observe, like inventories and breast meat prices, still look weak, but you're outperforming and I'm curious if you still view 9% as normalized margins even though you're reducing commodity exposure so I assume it will fluctuate less than it has in the past? And then could we get to above 9% this year, given the dramatic production cuts in the industry and as demand seasonally picks up?

Answer – Jeff Ettinger: Well, we are certainly making that effort to reduce the fluctuations in our overall performance, to carve off the ends if we can. In terms of particular percentage goals, last year for the year -- let's talk years first of all and we were at 5.9%. We've now turned the corner, we're got -- we're into the realm of positive comps, but we did start with a negative first quarter, so our estimate for the year this year is probably more in the 7% to 8% range. You'll see a better quarter than that in the fourth quarter, but the business is a little bit seasonal in terms of when profits deliver. Our longer-term goal for Jennie-O remains to work it up into the 8% to 10% range, but you will not see that on an annualized basis in 2009.

Question – Christina McGlone: Okay, thank you. And then my last question, can you give an outlook for pork processing margins? And then also, when your Meat Products group did so well is that -- can you maybe talk about was it better promotional activity, lower input costs, better execution, just to give us an idea of what drove the strong results and if that is expected to continue?

Answer – Jeff Ettinger: The processing margin picture is cloudy. We're in situations that we have not normally encountered in terms of these multiple months of negative cutevens and so we're working through it but we don't have a very clean outlook for that. In terms of Meat Product you've got two things going on. Clearly, on an internal basis as raw materials ended up lower than had originally been expected that benefits a profit contribution of those value-added items. But what I'm really touting when I'm talking about the strength of the Meat Product portfolio is the vibrancy of the demand for the products. We had a number of items that are up high single digit, double digit.; Pepperoni, Natural Choice, party trays, Di Lusso Deli Company, Black Label bacon, the recovery of the entrees. And so that, to me, is attributable to new product innovation, to good marketing efforts, to good ad campaign and to a good work/buyer sales force to get the right pricing and feature of those items and that should continue.

Question – Christina McGlone: Okay, thank you.

Answer – Operator: Thank you. And the next question comes from Jonathan Freeney from Janie Montgomery Scott. Please go ahead with your question.

Analyst: Jonathan Feeney, Janney Montgomery Scott - Analyst

Question – Jonathan Feeney: Good morning, thank you very much.

Answer – Jeff Ettinger: Hi, Jonathan.

Answer – Jody Feragen: Good morning.

Question – Jonathan Feeney: Jeff, I wanted to talk a little bit about the acquisition environment. I know you've talk -- you've been staying focused on value-added businesses but even those sorts of businesses it seems like should be becoming more available as time goes on. Is there -- what do you think about the acquisition environment right now and has it improved or gotten -- or stayed the same or gotten less attractive over the past quarter?

Answer – Jeff Ettinger: It's a mixed bag. There's probably more distress-oriented properties available but we've never really been a distress player. We're not a turn-around oriented acquirer. We're much more interested in fit and then growth opportunities. I could make a case right now that to the extent -- maybe half the acquisitions we've bought over the last few years had some kind of family-ownership connection. Again, absent the stress this is not a particularly good markets for families to be considering selling their life work to another company and so we're probably seeing maybe even less interest there. Now on the positive side, value is certainly better in this environment and competition arguably would be less within some of the protein spaces. Some of the other entities that have been very aggressive in the past are now talking about focusing on restoration of their balance sheets and so that could provide opportunities, also.

Question – Jonathan Feeney: How about your focus at this time, has your focus changed as far as what you think a fit could be based on the opportunities that's out there?

Answer – Jeff Ettinger: No, and we're still looking at-- most likely it would be in areas that we're already in that we bring something to the party beyond just our money. We like Food Service, we like deli, we like canned items and value-added, branded protein items. On an export basis we've said very clearly our focus is in Asia and that we would like to increase our footprint in that market and so we would be interested in something there, as well.

Question – Jonathan Feeney: Thanks, that's a good seg actually. So my other question was going to be about Food Service. Historically one of the strengths of Hormel has been an overexposure and I think excellent execution against the Food Service opportunity within needs. Have you seen -- you're seeing better performance in refrigerated foods, are you seeing any kind of substantial pick up in Food Service interest and Food Service pipeline, and I guess what's your outlook for the business for the remainder?

Answer – Jeff Ettinger: It's still pretty soft. Food Service, we're not used to recording declining sales numbers in that segment but that's the reality they're facing. They're doing a nice job of promoting innovative items and of attacking the parts of the segment that are still somewhat more healthy, the noncommercial side. for example, and we have areas where the picture's a little better. The Diamond Crystal unit, for example, had a very nice quarter. They sell more to the QSR trade that's not down as much as some of the other parts of Food Service. But we're not seeing -- it's not in a freefall, In some areas it seems to have stabilized but we're not seeing any immediate sign of pick up.

Question – Jonathan Feeney: Okay. Thank you very much.

Answer – Operator: Thank you. The next question comes from Chris Bledsoe with Barclays. Please go ahead with your question.

Analyst: Chiris Bledsoe, Barclays Capital - Analyst

Question – Chiris Bledsoe: Morning.

Answer – Jeff Ettinger: Hi, Chris.

Question – Chiris Bledsoe: Just -- I just wanted to clarify briefly, your fresh pork spreads today are they better or worse than where we were pre-H1N1 levels?

Answer – Jody Feragen: Chris, this is Jody. Today we're still seeing those upside down, as I call them, so the western corn belt price os, higher than the cutout.

Answer – Jeff Ettinger: And the outbreak seems it's down what we had hoped would be some momentum towards restoration of a normal market, to say better or worse given a number of the months haven't been good, kind of pick a date. It's better than some and worse an others.

Question – Chiris Bledsoe: Still down but not seeing the seeing the seasonal lift that you might otherwise sometimes see?

Answer – Jeff Ettinger: I think it pull the rug out from under the trend that would have happened seasonally but that doesn't mean it's not still going to get back into balance.

Answer – Jody Feragen: We certainly anticipated that -- on our call in the first quarter that it was a short-term phenomenon but it seems to have lasted quite a bit longer than we anticipated.

Question – Chiris Bledsoe: Yes, okay. Then I guess I'm -- with that I'm I'm sort of -- I'm wondering if you're worried about health of your hog suppliers. And I guess the intermediate term risk that production capacity comes out of the system and also whether you're hearing from lenders anything to suggest that they're growing less patient on a hog cycle recovery that's now 18 months -- well,into a trough cycle anyway?

Answer – Jeff Ettinger: This was certainly a tough development on the supply side and it was a tough development to the extent we have live production assets for parts of our business and this is the time of year usually you would see the recovery and they'd be able to get in a better position. So it's something we have to monitor closely, we have to talk with them a lot. We take some comfort in the fact that the up cycle lasted three to four years and so hopefully the stronger ones, at least, are in a reasonable position against that. But clearly, moving forward at some point something would have to give.

Question – Chiris Bledsoe: Yes, okay. Thank you. Just looking at the broader equity market picture right now, seems to be, I'd argue, anticipating a V-shaped recovery. Seems a little premature to me, but if consumer purchase behavior continues to follow suit -- and it sounds like you're seeing a little bit of that -- I'm wondering if the risk of pantry deloading on some of your canned items could be -- or would be fully offset by improved sales of convenience items?

Answer – Jeff Ettinger: There certainly could and probably will come a point where comp sales on canned items aren't going to be double digit. That wasn't the trend we were on before. We do believe we've augmented those sales by introducing some nice extension innovations, such as Spam Singles and Dinty Moore Big Bowls and Hormel Chili Master and those are contributing to the growth and those are quite early in their life spans. We did see very solid growth from a number of items. Value's in the eye of the consumer. Party Trays are over $10 a piece and so they're certainly not a low-priced item, yet those sales continue to register at double-digit gain clips because I think consumers do deem them a good value for what they're used for. So I think our portfolio's strong enough overall that even if we did see some mitigation of the growth on the canned items we would make up for it in convenience and we would at that point probably start seeing food service buoyancy.

Question – Chiris Bledsoe: Okay. And my last question, just to follow up on acquisitions, and you've been, to your credit, very patient over the last couple of years or last 18 months anyway, so I'm now trying to get a sense, with seeing the prospect for continued improvement in market sentiment, and the implication that may have for as asset valuation, I'm trying to get a sense of whether or not your urgency, or sense of urgency has changed in any way in the last couple of months around pulling a trigger on potential acquisitions?

Answer – Jeff Ettinger: No, I wouldn't say it's changed. We've been interested all along. We recognize that we've been in certainly a slower period of delivering a deal that we can talk about to the Street versus say at a time period in early 2005 when we had four of them happen in three months. But there's a ebb and flow to deals and your analysis of them. There was probably a moment there in the fall where when the mar -- credit markets were so ridiculous that had we had something on the verge of happening we might have been nervous about getting financing for it and that could have impacted our views. But otherwise our mindset is we'd love to find things that are good fit and that we could acquire at a reasonable value.

Question – Chiris Bledsoe: Well, thank you.

Answer – Operator: Thank you. And the next question comes from Ann Gurkin from Davenport. Please go ahead with your question.

Analyst: Ann Gurkin, Davenport - Analyst

Question – Ann Gurkin: Good morning.

Answer – Jeff Ettinger: Hi, Ann.

Question – Ann Gurkin: Just wanted to follow along a little bit on the discussion about security of supply of hogs. It's our understanding that one of your suppliers could decide to sell assets, so would you take -- or look at the opportunity to maybe add assets in the hog production area to secure supply?

Answer – Jeff Ettinger: I'm assuming we're not talking about any particular supplier. I'm not sure who you're referencing and I wouldn't be able to talk about it anyway. I can talk about it philosophically. We're not overly keen on adding volatility to our business through more exposure to live production assets at this point. We don't mine the participation level we have and certainly we think we've brought in some knowledge and skill to the segment by being involved in it. But we also recognize that ultimately we certainly profess to be and think we are primarily a packaged food company and so the more of those types of downstream assets that we get involved with the further away from that consistent story we move. Our goal would be to continue to maintaining supplies through the family farm contract connections that we have for most of our business.

Question – Ann Gurkin: Okay, that's great. That helps. And then I'd be interested in your comments on the supply of hogs in China, Do you think -- we're hearing stories that China has maybe an oversupply situation of hogs and I'd just be curious -- or I'd like your insight on that?

Answer – Jeff Ettinger: Well, we heard a short-term assessment of that. Our sense is that perhaps in that country there has been a stronger reaction to H1N1 fear than there has been in this country and in the short run that has essentially backed up pork supply. But it's pretty early in the game to assess whether that's going to continue or whether that should -- our hope is that that will go away here soon.

Question – Ann Gurkin: Okay. And then thirdly on grain, I don't know if you care to look into your crystal ball and give us your thoughts on an outlook for corn and soybean prices. Certainly we're facing a delayed planting in the east coast for corn and then a smaller crop in soybeans out of South America. I don't know if you'd care to comment at all?

Answer – Jeff Ettinger: Well, those are important factors. We certainly are rooting for the right weather to make sure that the farmers in these regions can engender reasonable crops. Our year and our pricing is built on assessment that corn will be in the -- anywhere from $3.50 to $5, it's been in that vicinity since the big round up last summer. It's pretty much lived in that range and so our best assessment right now is we'll continue to live in that range. Clearly a really disastrous event from a weather standpoint could impact that but our sense now is hopefully that's not going the happen.

Question – Ann Gurkin: That's great. Thank you very much.

Answer – Operator: Thank you. The next question comes -- the next question is a follow-up question from Akshay Jabel from KeyBanc. Please go ahead with your question.

Analyst: Akshay Jabel, KeyBanc - Analyst

Question – Akshay Jabel: Thanks for taking the follow up. Just focusing a little bit on Grocery Products, can you talk a little about the chili category and the exit of one of your key competitors? And just maybe talk a little bit about longer-term trends in that division and where you could see normalized margins? That division I noticed you had close to 20% EBIT margins at one point so just if you could comment on that, that would be great.

Answer – Jeff Ettinger: Well, the divisional -- without getting in to a lot of detail on it I will concede that the divisional results over a stretch of years clearly were impacted by what we call the chili awards, or the major entrance by both Campbells and Bush in to the marketplace three or four years ago, caused a lot of new advertising money to go into the category, including by us, caused a lot of new promotional money to go in to the category, including by us. So as those entrants have made their decisions about what to with their franchises and as our team has redoubled its effort to retain our share and to make sure that we're still the leader in that category, we're certainly in a better, more normalized position with that category. We continue, in addition to them leaving, and we're really focused on, again, driving innovation and we've done it through simple things like adding easy-o tops to our basic can products and then more elaborate innovations, such as the microwavable trays, the microwavable bowls and the premium glass jar Chili Master item. And our intention -- we think chili's the very category to be in. We're the clear leader and we expect to continue to drive growth in that area.

Question – Akshay Jabel: Okay, and one just last one. I think one thing that everyone seems to misunderstand quite a bit -- and this quarter is a perfect example and maybe you could clarify it -- that is your refrigerated foods business you have three parts in there the way I see it; meat products, food service and then the pork business, the fresh and everything else. And it seems like -- and if I just look at year-over-year change in spreads for the market, fresh cutout, versus the year-over-year change in your spreads, you have about only a third of the variability that the market showed and we've quantified that only a third of your portfolio within refrigerated foods moves really with the market and is impacted by the commodity prices and that came through this quarter. So there's been a -- everyone keeps asking about hog prices and the wheat cutout, et cetera, but like you said and you highlighted, your Meat Products division was up mid single -- high single digits and it just seems like it's very misunderstood, so maybe you could just talk about the -- just the portion of your business that's commoditized?

Answer – Jeff Ettinger: I can't verify the qualification you provided but I think in general your thoughts make sense that overall, of the refrigerated food sales $1 billion of the sales in the branded Meat product Area and $1 billion of the sales are in the Food Service area where we focus on value-added branded products, and so clearly we expect to drive those results on a consistent basis and react on a pricing basis to what's going on underneath it in the marketplace. And then even within the pork complex -- we've made quite an effort over the years to brand as much of that as possible, as well. We have our Always Tender franchise, we have our joint venture with [Precept] and other fresh pork programs, and so I do think overall we've done a lot of things in that division to make it a consumer-oriented, consumer-product type division and to be able to mitigate those big swings through the branded products.

Question – Akshay Jabel: Thank you.

Answer – Operator: The next question is a follow-up question from Chris Bledsoe from Barclays. Please go ahead with your question.

Analyst: Chiris Bledsoe, Barclays Capital - Analyst

Question – Chiris Bledsoe: Thanks for taking the follow up. Just looking at the back-half guidance -- and on my numbers it actually implies a sequential deterioration in operating margin -- looking back I don't see really any reason seasonally why back half would necessarily be above or below the second quarter operating margin. I'm trying to get a sense of whether your guidance implies the deterioration entirely because of known variables that you've discussed currently impacting your business or whether you're just leaving some flexibility to deal with either unknown variables as headwinds, or maybe worse-than-expected magnitude of the impacts from the known headwinds?

Answer – Jeff Ettinger: As I indicated earlier we do expect the majority of our business operating segments to be up. We -- otherwise I do think we've tried to factor in as best we can what our anticipation is of the challenges in the export area and the cutout area and then we've made as good a guess as we think we can in terms of the impact on some of the below-the-line factors that hit last year and what might happen this year. So I -- and I guess that's as good a characterization as I can give. We tried to go all in with that and give you our best shot at this point as to what we think it adds up to.

Question – Chiris Bledsoe: So your guidance -- I guess that's kind of the question. Your guidance is a best shot not necessarily a best shot but hey, guys, why don't we just leave ourselves a little bit of flexibility here should things deteriorate beyond what the current picture even suggests?

Answer – Jeff Ettinger: I guess I don't know how to answer that question without casting aspersions on the guidance so I'm just going to have to leave it, I guess.

Answer – Operator: (Operator Instructions). There appears to be no further questions, please continue with any other points you wish to raise.

Answer – Jeff Ettinger: Thank you all for joining us today, and that's all.

Answer – Operator: Ladies and gentlemen, this concludes the Hormel Foods second quarter earnings conference call. Thank you for your participation and you may now disconnect.

EXHIBIT 5

Hormel Foods Corporation at Stephens Spring Investment Conference

New York Jun 2, 2009 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp presentation Tuesday, June 2, 2009 at 5:00:00pm GMT

CORPORATE PARTICIPANTS

Jody Feragen, Hormel Foods Corporation - SVP, CFO

CONFERENCE CALL PARTICIPANTS

Farha Aslam, Stephens, Inc. - Analyst

Unidentified Audience Member, - Analyst

Unidentified Audience Participant, - Analyst

PRESENTATION

Farha Aslam, Stephens, Inc. - Analyst

Hormel has a history of delivering consistent EPS growth, fueled by both organic growth and tack-on acquisitions. Joining us to tell us the Hormel story is Jody Feragen, Senior Vice President and Chief Financial Officer, as well as Kevin Jones, Director of Investor Relations. With that --

Jody Feragen, Hormel Foods Corporation - SVP, CFO

Thank you, Farha. Yes, indeed, it is our mission to create value for our consumers, for our customers and for our shareholders. There will be forward looking information in this presentation, so please refer to our most recently filed 10-Q.

I would like to get started by taking a look at our second quarter results that we released about two weeks ago. Our earnings per share of $0.59 was a 5% increase over our record results of 2008. Sales for the quarter were essentially flat as we reduced production in our basic processing for both pork and turkey. We did see nice sales growth in our branded meat products as well as our grocery products groups. As I said, sales of grocery products continues strong in to the second quarter, really led by Spam, Dinty Moore, and our Mexican products. Refrigerated foods were flat with last year, largely reflecting the lower processing levels, and softness in the food service business. Jennie-O Turkey Store reflects a reduction in supply as well as lower commodity sales, really a result of the unfavorable turkey markets. Specialty foods saw strong increases in sales of sugar substitutes and liquid portions, but that wasn't enough to offset the reduced nutritional sales at Century Foods International.

Our second quarter operating profit results were kind of a mixed bag. Grocery products delivered another solid quarter, refrigerated foods' results were negatively impacted by the unfavorable spreads between the hog costs and primal values, or the cutout, as I call it, and that more than offset the strong results in our meat products results. Jennie-O Turkey Store benefited from lower feed expense, really a result of decreased production as well as the benefit from minimizing commodity sales, and our international business was impacted by the stronger dollar.

Hormel has historically and continues to generate strong free cash flow, in 2008, our cash flow was impacted by higher input costs, which reduced our earnings, as well as resulted in higher working capital levels. Through the first half of fiscal 2009, we have made specific initiatives on reducing our working capital, and so we have seen a nice rebound in our free cash flow, and our priorities for this cash flow continue to be to invest organically in our business, invest in growth through acquisition, and return cash to our shareholders through dividends or share repurchase.

Late in 2008, we approved our 43rd consecutive annual dividend increase. That puts us in amongst companies that are very few in the industry. The more modest increase that we had in our dividend for 2009 going forward really reflects conditions of the market at the time, the tighter credit markets, as well as our decreased earnings that we had in 2008. Hormel has not missed a dividend since going public in 1928. One of the other uses of free cash flow that I referenced was acquisitions, and we have used our cash flow to fund the vigorous acquisition strategy, spending about $1.3 billion over the last decade.

A little bit about some of them, The Turkey Store really was a compliment to our Jenny-O operation, adding a diverse portfolio with products in the fresh as well as the further processed area, and that's been a key for Jennie-O to deliver profits at a time when others in the industry are not. DCB and Boca Grande helped us get scope and diversity to the specialty foods segment.The Lloyd's Barbecue was an instant entree into the barbecued pork category, and fit nicely with our refrigerated entrees. Burke was one of our more recent acquisitions, and their pizza topping business was certainly a compliment to our already strong position in pepperoni. We continue to look hard at acquisitions. And we are looking for those that would be a nice strategic fit in our value added product portfolio. We also use our free cash flow for share repurchases, and in the last couple of years, we've been a little more aggressive, since the uncertainty in the credit markets hit late last year, we have kind of tempered that back, but I would look for us to return to more normal levels.

That's kind of looking back, now more of the strategic discussion about creating value, we feel that we really are able to create value for our customers, our consumers, and our shareholders through sound financial management, executing our strategy on targeted product areas, continuing to invest in innovation, all that deliver consistent shareholder returns. You have probably seen us talk about our balanced business model. We kind of use that same balance in looking at our financial picture, we certainly benefited from having a sound financial management over the last more recent quarters. But it really does mean that we have to strike a balance between protecting and preserving at the same time, providing the funds available to innovate and grow our businesses. We have created value for 117 years, and I expect to continue to make those investments in our people, in our products and in technology to make sure we continue to do that going forward.

We compare quite favorably to our competitors with our debt to capitalization ratio, and certainly do feel that we have the opportunity to increase our leverage and make a transaction that would fit within our organization and our strategies. Creating value through product strategies means focusing on four major areas: convenience meals value added protein products, value-added fresh meats as well as solution products for the food service and deli area. And what we found that these product categories have in common is that they are large categories, we already have a leadership position in these categories, and most importantly,

we have the highest reputation for quality.

Convenience meals, we have always been a leader in convenience meals, and when you think about it, go back to the 1930s when Hormel was very innovative in launching convenient products for the time, Hormel Chili, Dinty Moore Stew. Today's consumers have a trend of eating more meals at home. They're not going to the restaurants, but a lot don't have the skills, capability or time to spend in the kitchen, and we find that our convenience meals add the right value proposition for that consumer. In the value added protein products, we continue to be part of creating traditions for consumers and bring any meal and with our large portfolio of branded value added products, we see innovation not only under the Hormel brand but under Jennie-O Turkey Store and our Farmer John, and our value added protein is the original DNA of our company. We have a long tradition of creating safe quality great tasting products, products that earn their premium in the price category. The value added fresh meat area means creating quality flavors and adding value to the fresh meat case, and that's what keeps consumers coming back to Hormel. We create bold flavors that consumers enjoy, and we provide a fundamental -- create value in the marketplace by improving those margins for the retailer.

Then about a third of the business at Hormel Foods is in the food service arena, and our food service business, like the rest of the industry, is impacted by the recession, but we continue to partner with our operators to make sure that they have the high quality branded products that meet their needs, and many of these products have the added benefit of helping the operators reduce costs in the back of their stores. Our service deli group performed particularly well during the second quarter, and we are delighted at the growing presence of our Dilusso Deli products, and despite the challenging economy, we are finding that a party tray item that may be retailed for the $10 and up is seeing great success and providing the right value proposition for consumers.

We have built strong brands across many different categories, and we have 34 brands that are either number one or number two in the categories. Not only are we maintaining our leadership in these categories, we are actually finding that in many of the categories we are gaining share, and we continue to monitor private label to make sure we are priced appropriately at the retailers. Then, continuing an effort that we began couple of years back was the redesign of Hormel brand mark, and we've had great success in advertising and promoting a number of products across many different groups including refrigerated as well as grocery product. And then, Jennie-O is certainly a leader in the turkey side of business, one of the few companies that has a dedicated marketing effort against that brand.

Now we will start the commercials. like I said, in order to keep your brand relevant, it's important we do our advertising. I brought a few of them with, to share. (video playing). That last commercial played, if any of you are Biggest Loser fans, that played on the finale, and we saw a great response to the ad for the free coupons. We also have a focus to keep the center of the store relevant with our customers and our consumers, and we have recently released a study that we did with the help of [Cannondale] Associates, and this study was designed to help retailers determine how customers approach the center of the store and to match the evolution of consumers with quick and easy meal preparation, and this analysis we do as part of Hormel along with our products allows us to be very relevant and provide mutually beneficial strategies with the retailers. We also continue to make investments in a new packaging, new product form, and we drive brand strength with investments in those. I guess we played the commercials early, so.

One other area where we continue to make investments is innovation. I think a lot of you are aware of our $2 billion challenge that by 2012 we will have $2 billion of sales of new products since the beginning of the decade and we continue to move forward to that goal with basically all the business units really contributing to growth in those areas. We continue to see nice results in growth in our new product areas. We saw nice growth with our Natural Choice products in the second quarter, our party trays that we talked about earlier and Dilusso Deli, just to name a few of them. Although we had a tough year in 2008, with earnings down year-over-year, largely due to higher in put costs weak breast market in the turkey area, and a decline in investment income, we still have a solid track record of delivering growth to both sales and earnings over the long-term.

In the end I guess I really like to believe we have the strategy, we have the brands, and we continue to support the brands. We have the culture of innovation. We have talent and certainly we have a strong financial position that would allow us to deliver consistent shareholder returns over the long-term. With that, I would entertain any questions. Farha?

QUESTIONS AND ANSWERS

Analyst: Farha Aslam, Stephens, Inc. - Analyst

Question – Farha Aslam: (Inaudible question - microphone inaccessible)

Answer – Jody Feragen: I guess to rephrase your question, we have had a strong first half. You are wondering if our guidance for the balance of the year is maybe a little cautious. And what factors Hormel considered. Obviously, we have the overall economic situation that's currently confronting us, not just in the United States but globally, and the uncertainty that brings with consumers' reactions is still a question that needs to be answered. We do have a lot of categories and products that seem to resonate well with the consumer and provide a value proposition during these times, but that still remains a concern. We, at the time of our second quarter earnings release, were seeing some unusual activity related to the H1N1 flu virus, and there was still uncertainty how that will unfold. Some of that has come back, we seen demand come back for the -- and then we still have a lot of uncertainty regarding input costs. We are directly impacted by grains. While they had trended quite a bit lower earlier in the year, we have seen those move up again, we've the price of oil move up. There was concerns there. We are comfortable at the higher end of our guidance range, which was 215 to 225, so that's how we ended it. Those are the biggest factors. There is some possible up sides if the cutout starts turning back to more normalized levels.

Analyst: Unidentified Audience Member, - Analyst

Question – Unidentified Audience Member: (Inaudible question - microphone inaccessible)

Answer – Jody Feragen: Export markets impacted by H1N1 and how that compares and contrast how that is today versus immediately after the impact -- before the impact. I would say, we are not big exporters of pork. But to the extent that that affects the whole supply-demand equation, certainly Mexico, and I still think they are still feeling feeling the impact. They're one of the largest importers of US pork. And we're still seeing some softness in the area if I'm reading the current press reports. I know the

government does have programs in place to do a little additional education. Certainly in the United States, the trade groups and the pork producers groups were very aggressive in getting education out and communication about the flu strain to make sure that there was no misunderstanding, that is a human flu, not an animal disease. We will take one more question.

Analyst: Unidentified Audience Participant, - Analyst

Question – Unidentified Audience Participant: (Inaudible question - microphone inaccessible)

Answer – Jody Feragen: Probably another head wind I failed to mention. What we are doing to change our turkey situation and get in front of some of the less than stellar results we had previously. There is an oversupply of turkey. There continues to be perhaps more production as well as cold storage stocks than the demand would warrant. We have been very deliberate about making the appropriate production cuts. We announced them over a year ago. And we have even exceeded the amount we expected to reduce. We have seen the placements and indicators of forward looking supply come down, so that was as expected, and we expected the second half of 2009 to be a little kinder in the turkey side of the business, but there is still a lot of storage, cold storage stocks to go through, we feel comfortable that we've cleaned up our inventories that we had on hand. Our production cuts were more than the decrease in our sales because we did work off inventories. I had a feeling the industry will rebound. It's going to take a work through of the excess inventories as well as those production cuts hitting the marketplace.

Analyst: Farha Aslam, Stephens, Inc. - Analyst

Question – Farha Aslam: Thank you very much.

Answer – Jody Feragen: You're welcome.

EXHIBIT 6

AUSTIN Nov 24, 2009 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp earnings conference call or presentation Tuesday, November 24, 2009 at 2:30:00pm GMT

CORPORATE PARTICIPANTS

Kevin Jones, Hormel Foods Corporation - Director of IR
Jeff Ettinger, Hormel Foods Corporation - Chairman, President and CEO
Jody Feragen, Hormel Foods Corporation - SVP and CFO

CONFERENCE CALL PARTICIPANTS

Farha Aslam, Stephens, Inc. - Analyst
Ashkay Jagdale, KeyBanc Capital Markets Inc. - Analyst
Diane Geissler, CLSA Limited - Analyst
Christina McGlone, Deutsche Bank - Analyst
Robert Moskow, Credit Suisse - Analyst
Eric Lawson, Eric of Soleil - Ej Larson Research - Analyst
Ann Gurkin, Davenport & Company - Analyst
Jonathan Feeney, Janney Montgomery Scott LLC - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. And welcome to the Hormel Foods fourth quarter earnings conference call on today, the 24th of November, 2009.

(Operator Instructions)

I will now hand the conference over to our host, Mr. Kevin Jones. Please go ahead, sir.

Kevin Jones, Hormel Foods Corporation - Director of IR

Good morning everyone. Welcome to the Hormel Foods conference call for the fourth quarter of fiscal 2009. We released our results this morning before the market opened around 6:30 a.m. Central time. If you did not receive a copy of the release, you can find it on our website at www.hormelFoods.com under the Investor section. On our call today is Jeff Ettinger, Chairman of the Board, President and Chief Executive Officer, and Jody Feragen, Senior Vice President and Chief Financial Officer. Jeff will provide a review of the operating results for the quarter and the year. Then Jody will provide detailed financial results for the quarter. The line will then be opened for questions following Jody's remarks.

An audio replay of this call will be available beginning at 10:30 a.m. Central time today, November 24th, 2009. The dial-in number is 800-406-7325, and the access code is 4173819. It will also be posted to our website and archived for one year. Before we get started with the results of the quarter, I need to reference the Safe Harbor statement. Some of the comments made today will be forward-looking and are made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed in or implied by the statements we will be making. Among the factors that may affect the operating results of the Company are fluctuations in the costs and availability of raw materials and market conditions for finished products. Please refer to pages 28 through 34 in the Company's 10-Q for the quarter ended July 26, 2009, which was filed with the SEC September 4, 2009, for more details. It can be accessed on our website. Now, I'll turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman, President and CEO

Thank you, Kevin, and good morning everyone. Our priority in fiscal 2009 coming off just our third down year in 26 years was to get back on track in terms of earnings growth. We are, therefore, pleased to see that our strong earnings momentum from the past two quarters carried through the fourth quarter as well. Earnings per share for Q4 increased to $0.77, up a substantial 54% from a year ago, and all five business segments contributed to the results. Also impacting this result were investment income and nonoperating items which Jody will address later. For the full year, our earnings per share were $2.53, up 22% from last year. Total segment operating profit was up 7% from a year ago.

Total Company sales for the quarter were $1.68 billion, down 10% from a year ago. Part of this substantial decrease is attributable to the planned reduction of turkeys by our Jennie-O Turkey Store segment, decreased sales revenues due to lower commodity prices in our pork and turkey complexes, greater promotional spending, a continuing weak Foodservice sales environment, the loss of Carapelli sales, and some additional, intentional product rationalization. In addition, our top line was impacted more significantly in Q4 by changes in consumer spending. For the full-year, sales were $6.53 billion, down 3% from 2008. I will now take you through each segment.

For our Grocery Products segment, segment operating profit was up 12%, and sales were down 12% for the fourth quarter. For the year, segment operating profit was up 9%, and sales were down 2%. Segment profit was aided by lower raw material costs and reduced freight and warehouse expenses. We also achieved an improved product mix, as certain less profitable sales were rationalized. Strong sales of Hormel Chili added to the improved results for Grocery Products. The reduction in sales in this segment resulted in part from the discontinuation of the Carapelli Olive Oil business, and also from continued weakness in the Microwave category, increased promotional spending overall, and some product rationalizations.

On top of this, we experienced flat results for this quarter from such franchises as SPAM luncheon meat, and our Mexican portfolio which generated solid top line growth on a full year basis. Our Refrigerated Foods segment finished a strong year with an excellent quarter, posting segment operating profit up 23% on sales that declined 9%. For the full year, segment profit was up 7%, and sales were down 2%. An improved product mix and lower raw material, freight and warehouse expenses more than offset lower cutout

profitability compared to a year ago. Lower primal values and a continued weak Foodservice environment contributed to lower sales.

Although our Meat Products group posted a sales decline overall for Q4, we did generate strong sales of Hormel Pepperoni, Lloyd's barbecue products, DiLusso Deli Company products and prepared deli foods. Foodservice sales remained weak during the quarter. Our Jennie-O Turkey Store segment posted a 6% increase in segment operating profit in the quarter, reflecting lower feed costs due to our planned cuts in turkey production, and the decrease in the cost per ton. Sales at Jennie-O Turkey Store declined 10%, reflecting the reduced production levels and lower market pricing.

For the full year, segment operating profit was up 11%, and sales were down 3%. Industry supplies have continued to decrease, and cold storage levels have begun to decline compared to a year ago. As a result, we began to see improved commodity turkey prices at the end of the quarter. Although value-added sales declined overall by 3% during the quarter, we saw strong sales of Jennie-O Turkey Store fresh tray pack products, pan roasts and franks. The Specialty Foods segment reported a segment operating profit gain of 9%, and a sales decrease of 12% in the quarter.

For the full year, segment operating profit was down 2% and sales were down 9%, down 11% excluding acquisitions. Improved earnings in the Specialty Foods segment during the year were primarily driven by increased sales of private label products by our Specialty Products business, and decrease in freight and warehouse expenses. These elements more than offset continued weak sales of nutritional and ready to drink products in our Century Foods business. Results for Diamond Crystal were flat with a year ago. Our All Other segment which consists primarily of our international business had a strong finish, reporting segment operating profit of 53%, on sales down 13%. Our improved earnings in this segment resulted from lower raw material and freight expenses in addition to better currency exchange rates. Pork exports remain challenging in light of bans resulting from the novel H1N1 virus still in place.

For the full year, segment operating profit was up 2%, and sales were down 2%. We are clearly pleased with our results from an earnings standpoint during the quarter and for fiscal 2009. The magnitude of the sales decline in Q4 was greater than we had expected, and represents an area which will receive renewed focus in 2010. To continue building on the success of our brands in fiscal 2010, we will increase our advertising spend level. This, in conjunction with enhanced promotional efforts, should allow us to maintain and grow market share. We are confident in our ability to restore top line growth on an annualized basis in fiscal 2010, over and above the revenue gains which will emanate from our MegaMex expansion. It may not happen right away, but we expect to see this increase by the second half of the year.

During the first half of the year, we should continue to benefit from more normal input costs, and from reduced freight and warehouse expenses. In the back half of the year, we recognize we may see higher hog costs. The turkey industry is seeing a return to balance between supply and demand, which we believe will support improved earnings at our Jennie-O Turkey Store segment. We also expect improved results from both our Specialty Foods and All Other segments, as improved sales in the former, and more favorable currency exchange rates and improving export markets in the latter should lead to better results. We will face some difficult comparisons with the higher investment income from our Rabbi Trust results this past year, and we will face higher pension expenses in 2010. And finally, we recognize and have built into our plans the extra week in fiscal 2010. After assessing all of these significant factors affecting our business, we are setting our fiscal 2010 earnings guidance range at $2.63 to $2.73 per share. At this time, I will turn the call over to Jody Feragen to discuss the financial information relating to the fourth quarter and fiscal 2009.

Jody Feragen, Hormel Foods Corporation - SVP and CFO

Thank you, Jeff. Good morning, everyone. Earnings for the fiscal 2009 fourth quarter totaled $103.9 million, or 70 -- $0.77 per share, compared to $67.8 million or $0.50 per share a year ago. Earnings for the 12 months of fiscal 2009 totaled $342.8 million, or $2.53 per share, compared to $285.5 million or $2.08 per share a year ago. Dollar sales for the fourth quarter totaled $1.7 billion, compared to $1.9 billion last year, a 10% decrease. Year-to-date for 2009, dollar sales were $6.5 billion, a 3% decrease from last year. Volume for the fourth quarter was 1.2 billion pounds, down 3% from fiscal 2008. Year-to-date volume was 4.6 billion pounds, down 3% from fiscal 2008.

Selling, general and administrative expenses in the fourth quarter were 8.5% of sales, compared to 7.1% last year. Year-to-date, SG&A expenses were 8.7% of sales for 2009, compared to 8.2% last year. Advertising expenses were 1.1% of sales for the quarter, compared to 1% in 2008. Year-to-date, advertising expenses were 1.4% of sales compared to 1.5% in fiscal 2008. As Jeff stated, we expect to see increased advertising expenses in fiscal 2010.

Interest and investment income was $2.2 million for the fourth quarter, compared to a loss of $20 million in fiscal 2008. For the full year, interest and investment income was $19.6 million, compared to a loss of $28.1 million in fiscal 2008. Favorable market returns on our Rabbi Trust investments drove the improvement. We have transitioned this portfolio into more fixed return investments, to help limit our exposure to market volatility going forward. Interest expense for the quarter was $6.7 million, compared to $7.4 million last year. Year-to-date, interest expense was $28 million, even with last year. We expect interest expense to be approximately $27 million to $29 million for fiscal 2010.

Our effective tax rate in the fourth quarter was 34.1%, versus 41.9% in fiscal 2008. The year-to-date effective tax rate is 34.7%, compared to 37.6% last year. The effective tax rate in 2008 was negatively impacted by the non-deductible Rabbi Trust losses. For fiscal 2010, we expect the effective tax rate to be between 35% and 36%. The basic weighted average number of shares outstanding for the fourth quarter and full-year was $134 million. The diluted weighted average number of shares outstanding for the fourth quarter was 136 million shares, and 135 million for the full year. We repurchased 671,000 shares of common stock during the fourth quarter, and we have 1.1 million shares remaining to be purchased from the 10 million share authorization in place.

Depreciation and amortization for the quarter was $33 million, compared to $31 million last year. For the full year, depreciation and amortization was $127 million, up about $1 million from last year. We expect depreciation and amortization to be approximately $127 million to $129 million for fiscal 2010. Long-term debt at the end of the quarter was $350 million. Our short-term line of credit was repaid during the fourth quarter. During the quarter, we also made an additional $45 million contribution to our pension plans, bringing our total contribution to over $100 million in 2009. Capital expenditures for the quarter totaled $26 million, compared to $30 million last year. For the full year, capital expenditures totaled $97 million, compared with $126 million last year. For fiscal 2010, we expect capital expenditures to be approximately $140 million to $150 million. At this time, I will turn the call back to Kevin.

Kevin Jones, Hormel Foods Corporation - Director of IR

I would just ask our (inaudible) analysts to please limit your questions to one question, plus one follow up question. And if you have any further questions to get back at the end of the queue. I apologize for the inconvenience, but I just want to make sure everybody has an opportunity to ask questions. Operator, at this time, we will turn this over to the question and answer portion of our call.

QUESTIONS AND ANSWERS

Answer – Operator: Thank you, sir.

(Operator Instructions)

The first question comes from Farha Aslam from Stephens, Incorporated. Please go ahead with your question.

Analyst: Farha Aslam, Stephens, Inc. - Analyst

Question – Farha Aslam: Hi, good morning.

Answer – Jeff Ettinger: Hi, Farha.

Question – Farha Aslam: Congratulations on a great quarter.

Answer – Jeff Ettinger: Thank you.

Question – Farha Aslam: Jeff, you had mentioned throughout your commentary that freight and warehousing was lower. Is that market conditions, or is there something that Hormel is doing that's more structural?

Answer – Jeff Ettinger: I think it's a combination of both. We clearly have seen market relief on some of the major fuel-related costs, but we -- our team has done a very nice job at attaining logistics efficiencies in the operation, and those should continue going forward.

Question – Farha Aslam: And so, if you had to kind of break down the profitability of that piece that's more structural, how much would you say we can translate into future years, roughly?

Answer – Jeff Ettinger: I really -- I mean, I've never done that, so I would really be having to wing it, so maybe we can follow up with you at a later time to be able to quantify that more precisely.

Question – Farha Aslam: That would be great. And one follow-up. In terms of volumes that you see in your business going into next year, particularly for Refrigerated Foods and your Turkey division, any color on that?

Answer – Jeff Ettinger: On the question of volumes?

Question – Farha Aslam: Yes.

Answer – Jeff Ettinger: We plan to hold to the level of production cuts that we established at Jennie-O. So I would expect volume to be fairly flat at Jennie-O on an annualized basis in 2010. For Refrigerated Foods, our expectation is to see a decline in the later part of the year in terms of available supplies, kind of what we had originally thought was going to happen in 2009, so right now, that's what we based our plans on.

Question – Farha Aslam: Thank you very much.

Answer – Operator: Thank you. And the next question comes from Akshay Jagdale from KeyBanc. Please go ahead with your question.

Analyst: Ashkay Jagdale, KeyBanc Capital Markets Inc. - Analyst

Question – Ashkay Jagdale: Good morning. Congratulations on a good quarter , and a good

Answer – Jeff Ettinger: Thank you, Akshay.

Question – Ashkay Jagdale: Good morning. Just wanted to just question you a little bit on your guidance, and what it implies for divisional EBIT growth. I mean, if I run the math and I may be off, but it implies about double-digit earnings growth at the divisional level. If that's correct, and if I'm not, if you could tell us what you're modeling? Or sort of give us a sense of what type of growth you're expecting from the divisions, that would be great. And then just talk to what your expectations are with each of the divisions. I mean, from my perspective, obviously Turkey we should continue to see earnings growth there, given the numbers we're seeing on the cold storage, et cetera. But if you could give us a little bit more guidance on what you're expecting on Grocery Products, as it relates to your marketing spend, et cetera, that would be great.

Answer – Jeff Ettinger: At an operating level, similar to what we discussed at Investor Day, we do expect to have stronger operating results than the total EPS figure will be. So we're modeling kind of around a 9% increase on a year-over-year basis at the segment level. Grocery, we kind of look at them versus their peer group, and look at maybe a 6% level as being an appropriate growth rate to task that group with. The other groups, we look at what we articulated as our long-term guidance, which is kind of our in the ballpark of our 10% goal. From an advertising standpoint, we did introduce ad campaigns in the later part of 2009, for both Jennie-O Turkey Store and for SPAM. We're working on a new campaign for the umbrella Hormel brand, which will be hitting the marketplace probably in February. And on an annualized basis, we expect to increase our ad spending on a year-over-year basis in 2010.

Question – Ashkay Jagdale: That's great. Very helpful. Just one follow-up for Jody. In terms of the cash, again, I guess a good position to be in with about $3.00 a share in cash on your balance sheet. Can you just talk about cash allocation? Are you

modeling anything for buybacks for next year? Or should we assume that the guidance just takes into account the same number of shares outstanding?

Answer – Jody Feragen: Obviously, we intend to use our cash to return to our shareholders. And certainly, the dividend increase that we announced today starts that process. I would say that next, we would really like to reinvest back into our businesses to grow them. Obviously, we would expect to see capital expenditures bump up versus where they were in 2009, as we were very deliberate about trying to put some cash on our balance sheet, given the uncertain credit conditions and the economic conditions overall. So we'll see those increase, both to do some strategic investments on productivity level in the plants. As well as just to get caught up on some of the normal repair and maintenance things that we do.

And then certainly we have a group that's very dedicated to looking at possible strategic acquisitions. I would hope that -- obviously we have nothing to talk about today, but I would hope that in the near future, we would see something come to fruition there. And then as always, we have available 1.1 million shares to be repurchased, and we will do that in a very strategic way as well. So I don't know that we specifically modeled a huge share repurchase into the EPS numbers that we've guided towards, but if we have cash, we will deploy it as we should.

Question – Ashkay Jagdale: Okay. Thank you very much. I'll pass it along.

Answer – Operator: Thank you. And the next question comes from from Diane Geissler with Alpha. Please go ahead with your question.

Analyst: Diane Geissler, CLSA Limited - Analyst

Question – Diane Geissler: Hi, good morning.

Answer – Jeff Ettinger: Good morning.

Question – Diane Geissler: Can we just talk about the sales line a little bit, particularly in the Grocery Products group? You highlighted several key factors. And I understand that commodities exposure and what's going on there, but could you talk about the -- what you saw in the Grocery Products group in terms of like what was the impact of Carapelli, what's the impact of Microwave, what was the impact of promotional, if you could maybe give us some sense of the scope and the size there?

Answer – Jeff Ettinger: Okay. I mean, those were -- roughly a quarter of the decline was Carapelli, a quarter of the decline was added promo spend. Overall, we saw some softness in terms of some of the franchises, that earlier in the year had had really strong momentum. So that clearly is one of our tasks of our team going forward, is to restore momentum in those areas. And so even beyond those one-time items, there clearly was an effect. Not just Grocery Products, but the whole Company had very strong sales in Q4 last year. I mean, we reported I think it was 11%, 12% increase. So we were up against those sales. We obviously don't like to get sales from this kind of a situation, but last year there were a couple of significant hurricane incidents in the country that impacted both the Grocery Products sales and our Foodservice sales in a positive way in 2008, which were obviously not repeated in 2009.

Question – Diane Geissler: Okay, and then I guess just as a follow-up on the promo spending on that piece. So what would -- what should we be looking for in terms of what you'll have to spend back behind the products in grocery, as you move into the early part of 2010?

Answer – Jeff Ettinger: Well, the one area that we're clearly still trying to get our footing with is Microwave. We spent fairly aggressively against that category in the latter half of the year. And we would anticipate continued effort there, until we find the way to get that franchise growing again. Excluding that, and excluding any comparable effect from MegaMex, which will have some moving parts with it, in terms of how that is reported, otherwise promotional spending for Grocery Products should be consistent with the traditional franchise.

Question – Diane Geissler: Okay. Great. Thank you.

Answer – Operator: Thank you. And the next question comes from Christina McGlone from Deutsche Bank. Please go ahead with your question.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Good morning. Congratulations.

Answer – Jeff Ettinger: Thank you, Christina.

Question – Christina McGlone: Jeff, I thought that guidance for 2010 was better than kind of your tone at the Investor Day. Maybe it's just my impression, but I'm wondering if anything improved since then or what -- maybe what changed, if anything changed.

Answer – Jeff Ettinger: Well, the overall range of both 2009 results and our 2010 guidance shifted upwards since we were talking at Investor Day. We did finish more strongly here, and feel comfortable in our ability to deliver the $2.63 to $2.73 range, that we've now established for 2010. I mean, otherwise, I think what we were trying to indicate in the Investor Day is -- clearly our long-term guidance that we've provided is that we wanted to grow our bottom line by 10%, and we recognize even the range we provided doesn't do that at an EPS level. We come very close to doing that at a segment profit level for 2010. But with the headwinds of the Rabbi Trust and the added pension expense, as we talked about at Investor Day, we felt that would impact our ability to bring all 9% down to the bottom line in terms of EPS.

Question – Christina McGlone: Okay. Thank you. And then as a follow-up, I was just curious about -- you talked about SPAM and Mexican being flat in the quarter. Is that more of a comps issue, or what exactly is going on there? And will it start to ramp up again?

Answer – Jeff Ettinger: I expect both of those franchises to do well here in 2010. Mexican, we will have strong efforts as we've

now have put the MegaMex venture together. They have some sales successes that they've already generated. That won't -- some will shift Q1 and some will shift Q2, but I am expecting big things out of that operation. The SPAM team has done an excellent job at rejuvenating that brand, and connecting with more consumers. I'm looking at Q4 as more of an anomaly.

Question – Christina McGlone: Okay. Thank you.

Answer – Operator: Thank you. The next question comes from Robert Moskow from Credit Suisse. Please go ahead with your question.

Analyst: Robert Moskow, Credit Suisse - Analyst

Question – Robert Moskow: Hi, thanks for the question.

Answer – Jeff Ettinger: Good morning, Robert.

Question – Robert Moskow: I guess I've never seen margins so much higher than my expectation, and sales so much lower than my expectation, in a given quarter for Hormel. And with grocery now just about 20% in the quarter, I remember Hormel used to put 20% margins pretty consistently six years ago or so in grocery. Can you give us some help here, Jeff, on what -- is there a new margin structure for grocery and -- or not? I just -- I feel like I'm off now by a factor of 300 bps, and I think this business tends to be more predictable than that. Maybe it's just me.

Answer – Jeff Ettinger: I think we've been kind of whip-sawed the last couple years. Last year was the form of plenty of sales, and not being able to bring it to our own bottom line. And this year perhaps the pendulum as the year ended swung a little hard the other direction. I don't expect grocery to maintain the 20% level. I think we wanted to kind of incrementally increase it from the 16 it had been into, back into the 17 and 18 range. Clearly, 20 is somewhat a product of a depressed number for that quarter, versus obviously what the earnings number turned out to be. I'm looking at 2010 as we move into the year, reaching more to that equilibrium, that the cost picture is fairly constant with what we've seen in 2009. And as we restore growth in the top line, I think it should be hopefully a little easier than follow and model our Company.

Question – Robert Moskow: So you think 16 to 18 is the right range, maybe a little bit higher, 17 to 18?

Answer – Jeff Ettinger: Yes, I think that'ses what we would be comfortable with. I know a lot of the other packaged food companies have talked about that as kind of a target level. And clearly when we talked about wanting to increase our ad spending, and grocery is one of the areas that that will come in. And so we want to make sure we continue to both grow the traditional franchises, and have the ability to sponsor new items as they come out within that portfolio and within our other segments.

Question – Robert Moskow: Okay. And lastly, you're not alone in facing challenges in microwaveable meals in this economy. And I think that the companies that are going to do well for the next year, are going to be the ones that are prepared for a weak consumer spending environment, and are putting money in the right places. So I was kind of surprised to hear that you dialed up the marketing on microwaveable meals in the back half. It sounds like it didn't have the intended effect. Do you feel like you're kind of chasing after a consumer that just isn't ready to pay for items like completes perhaps, and really wants more of the canned Chili, or maybe products that are used as meal enhancements for cooking at home?

Answer – Jeff Ettinger: Well, I was referencing specifically promotional spending, as we did have a couple of price increases on that line over the last couple of years. And so, that was one of the things we certainly wanted to explore with our retail partners is, whether there's an optimal promoted price point, or shelf price point that will continue to enhance volume there. When you get to marketing on a bigger picture basis, I mean, the Hormel brand is going to be our lead item within our advertising portfolio. And we still believe in Completes as an element of that advertising spend. And I think we'll feature Natural Choice, we may have something with Hormel Chili. We may have something with our Party Tray items and our Pepperoni items, but we still view Completes as being very strong, contemporary items that are good value for consumers, and that are worth getting behind.

Question – Robert Moskow: And maybe I could sneak in one more on the refrigerated section, because that division did do a lot better than I thought and it looks like it's the shift to value add. What are you seeing in consumer trends in that refrigerated meats kind of category? Are all the players doing well? Are you taking a lot of market share? Seems like we've seen pretty decent results from Smithfield Foods and Kraft, and even Sara Lee, all together. Is that part of the store -- are grocers very happy with that part of the store? Or is this really just kind of a margin kind of thing that you guys are all enjoying at the same time?

Answer – Jeff Ettinger: I think that part of the store has held up in certain areas. I can't speak to the other companies, but looking at our franchise particularly on an annualized basis, we had an excellent year with Natural Choice. We had an excellent year with Pepperoni. We saw a little bit of that softness in our meals segment, in terms of the Hormel refrigerated entrees and Lloyd's. And so that would be the one area ,kind of to your point earlier about convenience, that maybe there is a little trade down going on there. But overall we had an excellent year in our Meat Products area, both from a volume and a margin standpoint, and have good momentum heading into the next year.

Question – Robert Moskow: Okay. Thank you.

Answer – Operator: Thank you. And the next question comes from Eric Lawson from Soleil Securities. Please go ahead with your question.

Analyst: Eric Lawson, Eric of Soleil - Ej Larson Research - Analyst

Question – Eric Lawson: Yes, good morning, everyone. Congratulations.

Answer – Jeff Ettinger: Hi, Eric. Thanks.

Question – Eric Lawson: Could you give us a quick look as to what you think the hog price outlook is for the next six to 12 months? Obviously cash prices have come up a little bit. You didn't mention an awful lot about that. And you gave a very good, thorough review at your Analyst Day. Can you just give us maybe some incremental thought from what may have changed since then, or what your thoughts are?

Answer – Jody Feragen: Yes, I guess I'm the hog person.

Question – Eric Lawson: Hi, Jody. (Laughter)

Answer – Jody Feragen: Hi. How are you today?

Question – Eric Lawson: I'm good.

Answer – Jody Feragen: I quit giving specific guidance, even though I was getting fairly good at it for a while there, we've seen about a 2% liquidation. I think the USDA is calling for something in the range of 4% going forward. From the discussions I've had with our folks here, a lot of the liquidation in the herd, is being offset by increased productivity. So I would plan that for the first half of the year, I think we're going to see quite moderate prices on hogs. Now, obviously they seem to jump around, and we have seen some strengths there lately. And then in the back half, we're kind of expecting that some of the reductions in the herd will come to roost, and we'll see the prices increase. But hopefully at a modest level going forward.

Question – Eric Lawson: Okay. The follow-up question here from me, is kind of back to the grocery end with a thrifty consumer. And we've kind of all -- we're kind of beating this horse to death a little bit, but I suspect that in order to create the proper value or incentives for consumers to purchase your products, your promotional spending that would -- your promotional spending rate would probably remain quite high, would they not, Jeff, going into next year, as opposed to a car lot price decrease?

Answer – Jeff Ettinger: I think that's fair to say that we will steer our efforts to stimulate certain brands in the promotional area. I just would acknowledge, again, just how choppy it is ought there right now. And that's what we're trying to deal with. I mean, just even in Q4, Hormel Chili was still up, SPAM was relatively flat and Dinty Moore was down. And all three had been these traditional canned franchises that in the early part of the recession, consumers seemed to be gravitating towards. And now it's a little bit more of a mixed bag. It's a little harder read. Could be in part though, the comps we were dealing with from Q4 of last year. But I think to your general point, I think that's correct, that we will want to try to attain the right feature price for consumers to continue to drive volume for these franchises.

Question – Eric Lawson: Okay. Thank you.

Answer – Operator: Thank you. And the next question comes from Ann Gurkin from Davenport. Please go ahead with your question.

Analyst: Ann Gurkin, Davenport & Company - Analyst

Question – Ann Gurkin: Good morning.

Answer – Jeff Ettinger: Hi, Ann.

Question – Ann Gurkin: Did I hear you say we may hear news of an acquisition in the near term; is that correct?

Answer – Jody Feragen: No, I said we have nothing to announce today, sorry, Ann. (Laughter)

Question – Ann Gurkin: Okay. I was just going to ask what the size of it might be. Okay. My other question is, what are you including for contribution from export markets in 2010?

Answer – Jeff Ettinger: Well, I mean, it's been a somewhat troubled situation for us this year, particularly China. We've made up for that somewhat with quite strong exports to Mexico, and that seems to be still looking fairly favorable. We hear positive things about China opening up. We haven't seen a lot of evidence of it yet in our shipments, but we're certainly hopeful of that going forward. And as always, I mean in the scheme of our total business, that's not a big direct factor, But it certainly can have market effects that would be very significant.

Question – Ann Gurkin: Okay. So look for some growth, maybe in 2010?

Answer – Jeff Ettinger: That would -- that's what we would hope to see.

Question – Ann Gurkin: Okay. Great. Thank you.

Answer – Operator: Thank you. We have a question from Jonathan Feeney from Janney Montgomery Scott. Please go ahead with your question.

Analyst: Jonathan Feeney, Janney Montgomery Scott LLC - Analyst

Question – Jonathan Feeney: Good morning, everybody. Thank you.

Answer – Jeff Ettinger: Hi, John.

Question – Jonathan Feeney: Hi. So I guess if -- you wouldn't mind just giving me a little bit more detail. And I know this isn't something you've done historically, but on the other hand it's kind of an unusual situation. When you look at the guidance for next year, I think you've been -- thank you, you've been very clear about the high single digit to -- looks like 8 to 10%ish type range in segment operating profit. What kind of volume would you need across the segments to drive that, do you think, looking overall? Can you -- maybe can you give me a sense, what's going to be up and down to sort of get to that range?

Answer – Jeff Ettinger: Okay. The first half of the year on an overall basis, we're expecting it to be flat to even potentially slightly down. That's built into our plan for next year. Gaining some momentum as the year goes on. And that is again, as I mentioned earlier, in the earlier part of the call, that's all sort of netting out MegaMex. I mean, we will see revenue increases, that's $80 million, $90 million, over the course of the year, that that's going to add to the top line, with the new franchises that that group sells that will go through the grocery division.

So we'll see that. But we also will call that out each quarter, as to how much is effected by that new business, and how much is organic growth. Overall, though, I mean, to hit the guidance range we're looking for, we need to restore momentum in our top line by the second half of the year. We're not -- we think the cost environment that we've benefited from, should continue to help us in the early part of the year. But we recognize that ultimately we have to have robust franchises to hit our long-term objectives.

Question – Jonathan Feeney: And I guess specifically, if you could drill down into grocery versus refrigerated, assuming the others are sort of -- I mean, would you say -- would you be looking for that trajectory of growth to be more pronounced in terms of improvement over the course of the year in grocery? Because of maybe recovery in microwaveables? Is that what you're looking for, or is it that you're counting on sort of export volumes? Or -- just overall, Foodservice volumes to drive your Refrigerated Foods business, which of those two would be a stronger volume driver next year?

Answer – Jeff Ettinger: I guess, I don't know that I would pick one over the other. I think maybe the best guidance I could give you would be -- is our articulated long-term goal for our franchises is 5% growth. That may be difficult to hit on an annualized basis. But we certainly expect to be tracking at that kind of pace by the later part of the year. And we expect to have sales be positive on an annualized basis.

Question – Jonathan Feeney: 5% you're talking about the sales number; right?

Answer – Jeff Ettinger: Yes.

Question – Jonathan Feeney: Great. Okay. Thank you very much.

Answer – Jeff Ettinger: Yes.

Answer – Operator: Thank you. And we have a follow-up question from Diane Geissler from CLSA. Please go ahead with your question.

Analyst: Diane Geissler, CLSA Limited - Analyst

Question – Diane Geissler: Hi. I guess that's still me. Can you just tell me what were your realized prices on hogs this quarter? Did you give that and I missed it?

Answer – Jody Feragen: You know what, we haven't been giving those numbers out, but I would tell you that it was slightly less than last year.

Question – Diane Geissler: Slightly less than last year. And what did it look like on a sequential basis?

Answer – Jody Feragen: This quarter versus last. Oh, man, I don't have last quarter's numbers with me today.

Question – Diane Geissler: Maybe I can get that from Kevin.

Answer – Jody Feragen: Thanks, Diane, sorry about that.

Question – Diane Geissler: Thank you anyway.

Answer – Operator: Thank you. And we have a follow-up question from Akshay Jagdale from KeyBanc. Please go ahead with your question.

Analyst: Ashkay Jagdale, KeyBanc Capital Markets Inc. - Analyst

Question – Ashkay Jagdale: Hi, thanks for taking the follow-up. Actually, I wanted to ask something that Diane asked. But in terms of the -- I was just looking at hog prices this quarter. And according to spot data, they were at $36 per live weight, which would be down $17 or $18 year-over-year. But I guess what you're trying to tell us, is that that's not what you realized? Is that correct?

Answer – Jody Feragen: We realized that they were less, than they were last year, our hog costs.

Question – Ashkay Jagdale: Okay. But not as much as I am indicating here?

Answer – Jody Feragen: What was the -- $36 down? No, I didn't -- we were in the high teens down.

Question – Ashkay Jagdale: Okay. Yes, just-- as it relates to that -- I was a little bit -- I guess I just wanted to drill a little bit deeper into the different parts within Refrigerated Foods. Foodservice and the Meat Products, as well as the commodity side, because what I was seeing was that hog prices were down significantly this quarter at least in the spot market. And we didn't see the same sort of reaction on the EBIT side or dropdown in terms of savings. So I just wanted to get a sense of maybe if you could give us a little color on the different moving parts. I know you talked about Lloyd's a little bit. bBut just talk a little about the three different parts in Refrigerated Foods for this quarter.

Answer – Jeff Ettinger: From our standpoint, we thought Refrigerated Foods actually ended the year very strongly. We were suffering earlier in the year from the kind of week after week of those negative cutout margins, which we recognize as just one of a number of factors that are important to Refrigerated Foods. Those became more benign as the year went on, and allowed the value-added part of the portfolio to shine through. Particularly in the retail side, but even in Foodservice, as they featured some of their more value-added items, they were able to be a solid contribute the other the earnings results of Refrigerated Foods as well.

Question – Ashkay Jagdale: Okay. That's helpful. Thanks.

Answer – Operator: (Operator Instructions)

And we have a follow-up question from Robert Moskow from Credit Suisse. Please go ahead with your question.

Analyst: Robert Moskow, Credit Suisse - Analyst

Question – Robert Moskow: I'm just trying to encourage Tim Ramey to call in with a wine selection for Thanksgiving.

Answer – Jeff Ettinger: It's a Thanksgiving tradition. I don't know where Tim is today.

Question – Robert Moskow: Don't you guys have anything you can throw out our way? I'm more of a diet Coke fan.

Answer – Jeff Ettinger: I think just as long as you go with a Jennie-O Turkey, or a Cure 81 ham, we have that part of the meal covered.

Question – Robert Moskow: Alright, we are left to our own devices.

Answer – Jeff Ettinger: There you go.

Question – Robert Moskow: Have a good holiday.

Answer – Jody Feragen: Happy holidays.

Answer – Operator: (Operator Instructions)

We do not appear to have any further questions. Please continue with any points you wish to raise.

Answer – Kevin Jones: Thank you. I'd like to thank everybody for participating on our call today. And in response to Rob's question, a good new Beaulieu, a Chardonnay, or Pinot Noir will go very well with a Jenny-O turkey, and either a Pinot Grigio or Riesling with the Cure 81 ham. Hope you all have a great Thanksgiving, safe travels, talk to you later. Bye-bye.

Answer – Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation and you may now disconnect.

EXHIBIT 7

Q3 2010 Hormel Foods Corporation Earnings Conference Call

AUSTIN Aug 20, 2010 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp earnings conference call or presentation Friday, August 20, 2010 at 1:30:00pm GMT

CORPORATE PARTICIPANTS

Kevin Jones, Hormel Foods Corporation - IR
Jeff Ettinger, Hormel Foods Corporation - Chairman of the Board, President and CEO
Jody Feragen, Hormel Foods Corporation - SVP and CFO

CONFERENCE CALL PARTICIPANTS

Farha Aslam, Stephens Inc. - Analyst
Christina McGlone, Deutsche Bank - Analyst
Jonathan Feeney, Janney Montgomery Scott - Analyst
Diane Geissler, Credit Agricole Securities - Analyst
Adam Joseph, Hormel Foods Corporation - Analyst
Lindsay Drucker-Mann, Goldman Sachs - Analyst
Eric Larson, Soleil Securities Corporantio - Analyst
Robert Moskow, Credit Suisse - Analyst
Mike Hamilton, RBC Capital Markets - Analyst

PRESENTATION

Operator

Welcome to the Hormel Foods third quarter earnings conference call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions. (Operator Instructions) This conference is being recorded today, Friday, August 20, 2010. I would now like to turn the conference over to Mr. Kevin Jones. Please go ahead sir.

Kevin Jones, Hormel Foods Corporation - IR

Good morning. Welcome to the Hormel Foods conference call for the third quarter of fiscal 2010. We released our results this morning before the market opened around 6.30 AM Central time. If you did not receive a copy of the release you can find it on our website at www.hormelfoods.com under the Investor section. On our call today is Jeff Ettinger, Chairman of the Board, President and Chief Executive Officer, and Jody Feragen, Senior Vice President and Chief Financial Officer. Jeff will provide a review of the operating results for the quarter, then Jody will provide detailed financial results for the quarter.

The line will be opened for questions following Jody's remarks. Please limit yourself to one question and one follow-up if needed. If you have further questions, please go to the end of the queue so everyone has an opportunity to ask questions. An audio replay of this call will be available beginning at 10.30 AM Central time today, August 20, 2010. The dial-in number is 800-406-7325, and the access code is 4339593. It will also be posted to our website and archived for one year. Before we get started with the results of the quarter, I need to reference the Safe Harbor statement. Some of the comments made today will be forward-looking and are made under the Private Securities Litigation Reform Act of 1995.

Actual results may differ materially from those expressed in or implied by the statements we will be making. Among the factors that may affect the operating results of the Company are fluctuations in the cost and availability of raw materials and market conditions for finished products. Please refer to pages 32 through 38 in the Company's Form 10-Q for the quarter ended April 25, 2010, which was filed with the SEC on June 4, 2010 for more details. It can be accessed on our website. Now I will turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman of the Board, President and CEO

Good morning, everyone. We're pleased to report another excellent quarter building upon the momentum of our strong first half of the year. We were able to grow both earnings and sales by double digits in what is still a challenging consumer environment. Earnings per share increased to $0.63, up 11% from a year ago, fueled by segment profit gains in four of our five segments. Total dollar sales of $1.7 billion were up 10% from a year ago. I will now take you through each segment. Our Grocery Products group reported a segment profit decrease of 23% and a dollar sales increase of 12% for the third quarter. The majority of the sales increase can be attributed to increased sales of products by our MegaMex Foods business. We are pleased with the success of MegaMex so thus far as we continue to gain additional distribution in the retail trade channels.

At the grocery product segment profit level, however, the higher sales of Mexican products and increased sales of our Hormel chili items were unable to offset the pressure from higher raw material costs on our SPAM family of products, our Hormel bacon toppings and our chunk meat brands. Our Refrigerated Food segment reported a segment profit increase of 11%, aided by continued strong cut-out margins and a sales increase of 12%. This year, strong cut-out margins have given us the balance to continue growing earnings during a time of raising hog costs. Last year our value-added products provided the lift we needed to continue to enhance segment profit.

On the retail side we continue to generate strong sales growth from our Hormel party trays. In addition, our new items such as snack stix and minis continue to drive sales growth of our Hormel pepperoni line. We also achieved additional distribution of our Natural Choice deli meats. Our team is doing a nice job with the integration of our Country Crock Side Dish business, capturing synergies and co-marketing these products with our Hormel refrigerated entrees and with other products such as our Lloyd's Barbeque line. Our Food Service group has also had success growing sales of branded value-added product during the quarter. Sales of our Natural Choice deli meats, Austin Blues Barbecue products, Cafe H ethnic product and pizza toppings all grew during the quarter.

Jennie-O Turkey Store increased segment profit, a strong 93% on flat total sales. While higher commodity turkey meat prices and

lower feed costs helped, the primary driver of our results at Jennie-O was improved efficiencies across the entire supply chain and then in our operations. Strong export sales of turkey thigh meat also aided results. Sales of value-added products at Jennie-O Turkey Store grew in all three areas. Deli, food service, and retail, led by retail trade pack fresh turkey and rotisserie deli products. We spent heavily on advertising on the Jennie-O Turkey Store brand in the third quarter gaining additional exposure and building the strength of the brand.

Our Specialty Food segment continued its momentum this quarter by growing segment profit and sales 19% and 12% respectively. All three business units contributed to the results, led by sales of sports nutrition products, private label canned meats, and sugar products. In our All Other International segment, segment profit increased 3% and sales grew 13%. Continued excellent sales of our SPAM family of products were sufficient to offset pressure on our export sales from higher raw material costs. We expect higher hog costs to continue in the fourth quarter, negatively impacting margins in our value-added Refrigerated Foods business and in our pork-based grocery product items. We also expect to continue to invest in our Jennie-O Turkey Store brand during the quarter through significantly higher advertising spending.

On the positive side, we expect our Jennie-O Turkey Store unit to continue to substantially outperform compared to a year ago, and so far in the fourth quarter, cut-out margins have remained strong in Refrigerated Foods. Taking these considerations into account and in light of our strong performance in the third quarter, we are again raising our full year guidance range from $2.75 to $2.85 per share, up to $2.85 to $2.91 per share on an adjusted basis. It appears we are on track to achieve our long-term goal of growing earnings per share by at least 10% for the second consecutive year. At this time, I will turn the call over to Jody Feragen to discuss the financial information related to the third quarter.

Jody Feragen, Hormel Foods Corporation - SVP and CFO

Thank you, Jeff. Good morning, everyone. For the third quarter of fiscal 2010, net earnings totaled $85.4 million, or $0.63 per share, compared to $77.2 million, or $0.57 per share a year ago. Adjusted net earnings for the nine months of fiscal 2010 totaled $287.8 million or $2.13 per share, compared to $238.9 million or $1.76 per share a year ago. Adjusted net earnings exclude the one-time charges related to the plant closure and the tax impact of healthcare law changes that were incurred in the second quarter of this year. US GAAP net earnings for this year-to-date for the -- through the third quarter of 2010 were $274.4 million or $2.03 a share.

Dollar sales for the third quarter totaled $1.7 billion compared to $1.6 billion last year, a 10% increase. For the nine months, dollar sales increased 6% to $5.2 billion. Volume for the third quarter was 1.1 billion pounds, up 2% from 2009. Year-to-date volume was 3.5 billion, also up 2% from fiscal 2009. Selling, general, and administrative expenses in the third quarter were 8.5% of sales compared to 9% last year. Year-to-date selling, general, and administrative expenses were 8.5% compared to 8.7% last year. Advertising expenses were 1.8% of sales for the quarter compared to 1.6% in 2009. Year-to-date, advertising expenses are 1.6% of sales compared to 1.5% last year.

As Jeff mentioned, we expect that advertising dollars will substantially exceed 2009 on a full-year basis as we increase spending levels in the fourth quarter. Interest and investment income was $310,000 for the third quarter, compared to $6.4 million in fiscal 2009, as we expected, lower returns in 2010 on our rabbi trust investments drove the decrease. We also expect difficult comparisons in the fourth quarter due to the stronger returns on our investments in 2009. Interest expense for the coven was $6.5 million compared to $7 million last year. Year-to-date interest expense is $19.6 million compared to $21.3 million last year. We expect interest expense to be about $26 million for fiscal 2010.

Our effective tax rate in the third quarter was 35.8% versus 34.4% in fiscal 2009. The year-to-date effective tax rate is 36.5% compared to 34.7% last year. For fiscal 2010, we expect the effective tax rate to be between 36% and 37%. The basic weighted average number of shares outstanding for the third quarter was 133 million. The diluted weighted average number of shares outstanding for the third quarter was 135 million. We repurchased 583,000 shares of common stock during the third quarter and we have 4.8 million shares remaining to be purchased from the five million fixed share authorization currently in place. Total debt at the end of the quarter was $350 million and was reclassified into current maturities during the quarter.

Depreciation and amortization for the quarter was $31 million compared to $32 million last year. For the first nine months of the year, depreciation and amortization was $92 million compared to $94 million last year. We expect depreciation and amortization to be about $124 million for fiscal 2010. Capital expenditures for the quarter totaled $24 million compared to $25 million last year. For the first nine months of the year, capital expenditures totaled $64 million compared to $71 million last year. For fiscal 2010, we expect capex to be approximately $90 million to $100 million. At this time, I will turn the call over to the operator for the question-and-answer portion of the call. Operator?

QUESTIONS AND ANSWERS

Answer – Operator: Thank you ma'am. (Operator Instructions) Our first question is from the line of Farha Aslam. Please go ahead.

Analyst: Farha Aslam, Stephens Inc. - Analyst

Question – Farha Aslam: Hi good morning.

Answer – Jeff Ettinger: Morning Farha.

Question – Farha Aslam: Congratulations on a really good quarter.

Answer – Jeff Ettinger: Thank you.

Question – Farha Aslam: Your Grocery Products sales were very strong in the quarter. Could you just give us more color on what drove those results and how the core SPAM, chili products are setting up for the fall?

Answer – Jeff Ettinger: Sure. The lion's share of the increase is from the MegaMex-added items. We've seen not only the addition of new franchises, we've enjoyed solid sales of our existing Mexican items. The rest of our Grocery Products portfolio was

fairly flat for the quarter. Some up, some down. Hormel chili and Hormel hash were strong and we did have a weaker quarter for SPAM and for Dinty Moore. In terms of an outlook, we expect better sales from some of the canned items as we head into the traditional canned season for this fall.

We expect the momentum to continue in Mexican. Really, the item I have my eye on the most that we really need to figure out a turnaround story on would be the Compleats franchise because we were again down slightly on Compleats this quarter. You're aware of our investment in would be plant and how important that line is for the Company so we're confident that we're going to find the right recipe to regain growth in that franchise.

Question – Farha Aslam: Thank you, that's helpful. Then as a follow-up, your corporate expense was significantly lower this quarter than last year. Do you expect this to be a new level, and could you give us some more color on what exactly the lower employee costs were?

Answer – Jody Feragen: It was basically relating to truing up accruals for some compensation plans, Farha. I would expect that in the 8.5% to 9% range would be where you will see us for the fourth quarter.

Question – Farha Aslam: 8.5% to 9% of sales?

Answer – Jody Feragen: Yes.

Question – Farha Aslam: Okay. Thanks. My final question is just on turkey. The recent increase in grain costs. When can we expect that to flow through your P&L? Because I know you guys have hedging programs and a lifecycle of the turkey.

Answer – Jeff Ettinger: As you point out, Farha, those are both factors in play. We've talked about that we're at any time hedged from 25% to 75%, and that is true of the both our current picture and as we head into 2011. In terms of the lifecycle it's 22 weeks for the toms which is the majority of the business there, and so to the extent you see higher spot market prices, if these stick -- the recent increase, that corn cost would start filtering through Q1 of next year, but again we will have a significant portion of our grain needs hedged against that as well.

Question – Farha Aslam: Great, thank you very much.

Answer – Operator: The next question is from the line of Christina McGlone. Please go ahead.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Good morning.

Answer – Jeff Ettinger: Hi Christina.

Question – Christina McGlone: I guess in Jennie-O, I was wondering if you could maybe quantify the increase in advertising? Because I wasn't sure, if it's -- it was a little bit less that I had expected and I wasn't sure if it's because your leverage to commodity has fallen because that's where you've cut? Or if it's because of the higher advertising expense and how we should think about that for fourth quarter?

Answer – Jeff Ettinger: Jennie-O Turkey Store, the added advertising spend was in the $9 million range year-over-year in Q3 and we're planning the same enhanced advertising program in the fourth quarter.

Question – Christina McGlone: Okay. Thank you. Do you think that -- are you seeing the same leverage in your model from the better commodity markets or because you have cut in that area? We shouldn't necessarily apply what we're seeing in the commodity markets?

Answer – Jeff Ettinger: Well, the commodity market effect for us, it's a little harder to discern. As we've talked about before, solid breast meat pricing is supportive of the value-added business, but we don't really sell a lot of breast meat on the commodity market so that's less of a direct advantage. The dark meat, the thigh meat pricing -- almost all of our dark meat significant portion does go out on that market basis so those prices have been very solid this year, and down slightly from its peak, and our expectation is that, that should hold in place.

Question – Christina McGlone: Okay. And then in terms of Grocery, it looks like the last two periods for IRI data shows some pricing from Hormel but also some increase in promotion. I know Sara Lee talked about a price increase in meats, so I was curious what your -- I think before you had said maybe you wouldn't start pricing until the fall. Is that coming earlier, and what's the competitive climate like there?

Answer – Jeff Ettinger: Christina, pricing for our Company, when it comes to market-based items, and these would not necessarily be the Grocery products items but within more the Refrigerated portfolio and for Food Service. We definitely have been moving prices on hams and bacon and fresh pork to correspond to these inflated markets. In the Grocery area, we did announce price increases on Hormel hash and on corn beef related to tightening of supplies from South America but on the pork-based items, we continue to be in a wait-and-see mode. We're trying to create the balance between what we're encountering in terms of increased input costs but also trying to be sensitive to what the consumers and our customers are looking for in terms of trying to hit certain price points.

Question – Christina McGlone: Okay, thank you. Last question, I think the CapEx budget dropped a little bit from the last guidance, and I was wondering if that's just timing or if it's something else?

Answer – Jody Feragen: Purely timing.

Question – Christina McGlone: Okay, thank you.

Answer – Operator: The next question is from Jonathan Feeney. Please go ahead.

Analyst: Jonathan Feeney, Janney Montgomery Scott - Analyst

Question – Jonathan Feeney: Good morning, thanks very much.

Answer – Jeff Ettinger: Hi Jon.

Question – Jonathan Feeney: Jeff, I wanted to, or Jody, I wanted to look in at -- looking forward to the following fiscal year, fiscal 2011. When I think about the earnings base for Hormel, the biggest area of vulnerability, it seems would be this commodity cut-out situation which looks like, according to government data, year-record penny profits. Can you talk about the dynamics that are allowing for those maximum cut-out profits in the marketplace? How sustainable are they? Has something permanently changed or changed for some period of time? And how should we think about that versus what's the steady state business, for the Refrigerated Foods segment?

Answer – Jeff Ettinger: I would take the position that the current commodity cut-outs -- we're not counting on these sustaining at these levels, just as we were hopeful that they weren't going to sustain at the negative levels that we encountered a few quarters ago. Traditionally, the needle moves and settles in between and that gets us back into a position where we can drive long-term growth through our value-added items and that's what we're counting on. This market has been hard on our value-added items but we have been able to make up for a significant portion of that through these cut-out margins in the short run.

Question – Jonathan Feeney: What's driving that, though? Is it -- why aren't -- I guess maybe more pointedly, why aren't facilities that have historically served double shifting and triple shifting in these conditions doing that more quickly?

Answer – Jody Feragen: Jon, maybe I'll give you a little color. Our hog supply is down 3% to 4%. And that's a global reduction, not just in the United States. And then we have unprecedented demand. It's been pretty strong domestically but then the export markets have rallied back, maybe not to their record levels but certainly very strong. We're year-over-year off a very weak 2009 when the recessionary things impacted us quite heavily. So the demand factor seems to be a big portion of what's driving the cut-outs. Then couple that with low protein levels across the board with the exception of chicken. So we're in a tight supply situation.

Question – Jonathan Feeney: Okay, great. If could I ask one detail question, are there -- it seems to me like you've now got cash balancing all your short-term debt, so the sky is the limit, or several hundred million dollars is the limit of potential share repurchase. Could you refresh me on that -- what are the structural inhibitions you have to share repurchase as they relate to the foundation?

Answer – Jody Feragen: I have 4.8 million shares left on an authorization from my Board of Directors and we will intend to use that strategically and opportunistically to repurchase our shares. Obviously, we'd rather be investing in things that grow our business and provide a better return for our shareholders but in the meantime, we'll continue to look at our dividend policy as well as our share repurchase.

Question – Jonathan Feeney: Great. Thanks so much.

Answer – Operator: The next question is from the line of Diane Geissler. Please go ahead.

Analyst: Diane Geissler, Credit Agricole Securities - Analyst

Question – Diane Geissler: Hello, can you hear me?

Answer – Jeff Ettinger: Yes, good morning.

Question – Diane Geissler: Good morning. I have a question just about your long-term growth. If I look at your new earnings range that you've provided this morning, then I look at consensus, which I think is somewhere around $2.99, that's suggesting 3% to 4% growth in fiscal 2011 over fiscal 2010. Is there anything that you see on the horizon that would prevent you from hitting your long-term 10% growth target next year?

Answer – Jeff Ettinger: Well, Diane, we haven't established our operating plan yet for next year. Our team is obviously actively working on that right now. We'll be reviewing with it our Board of Directors here this fall and we traditionally do announce that in November. I will say -- the $2.99 number that is generated from what the analysts have in place right now, that's their number, that's not our number at this point. We're not backing away from our long-term articulated growth goal of trying to grow earnings per share by 10% each year but we've not established a firm level for where we see 2011 coming in right now.

Question – Diane Geissler: Okay, terrific. Thank you.

Answer – Operator: Your next question is from the line of Akshay Jagdale. Please go ahead.

Analyst: Adam Joseph, Hormel Foods Corporation - Analyst

Question – Adam Joseph: Good morning. This is Adam Josephson in for Akshay. Thanks for taking my questions and congratulations on the good quarter. On MegaMex how much distribution does that business have nationally and how much more do you expect it can get over the subsequent year or two?

Answer – Jeff Ettinger: It really varies by item. They have a stable of brands that -- three large brands and another four or five smaller brands, and even the larger brands are in the 30% to 60% [ACV] range in many cases. So we think that a lot of room to run. We have a really wide array of products, but I sometimes get on the groove of about it being a mile wide and an inch deep. I think we can get a lot deeper in a lot of these franchise areas and do a lot better with consumers there.

Question – Adam Joseph: Great. If the economy remains weak, you mentioned he Compleats has not been strong lately, also SPAM and Dinty Moore have not sold particularly more. Would you expect SPAM and Dinty Moore sales to pick up again if economically this continues? What else might you think would change next year if this continues as is?

Answer – Jeff Ettinger: It's interesting. It's been fairly volatile even within the stretch of time where the economy has been under

pressure. Initially we saw very strong sales in SPAM and Dinty Moore and Hormel chili in the canned items. We've seen some backing off. But that's on year-over-year, but I mean we're still -- if you go back a couple years, even the current SPAM numbers are pretty darn good. Those franchises should continue to do well. As we pointed out though, we have items that are far from bottom dollar items that are doing very well in this economy.

Our party trays are doing great, our Pepperoni Minis are doing great, and the Pepperoni Stix, our Natural Choice items continue to gain distribution, so it really seems to be category by category, and what are you offering to the consumer who is looking for that category's items that makes the difference here. The only other secular trend I guess I can point to in our business is we are seeing continued improvement in the Food Service part, particular well the branded value-added items. They had a nice quarter with those.

Question – Adam Joseph: Great. Just one last one on Grocery Products. You mentioned some price increases that you have announced. You mentioned next quarter will be somewhat weak as well, given the higher raw material costs. Do you expect to return to historical normal margins next year in that business given the price increases that you are taking?

Answer – Jeff Ettinger: And we'll probably after better outlook for that when we do the call next quarter, and we can really give you the next year. The other wildcard with that and we'll walk you through that at that time is we -- the MegaMex business we do get -- we register 100% of the sales but it's a joint venture. So it's only 50% of the profits that go through so that will have a -- make a difference in terms of what the long-term target rates are for operating Grocery, but we'll provide some better guidance on that when we head into 2011.

Question – Adam Joseph: Great, thanks very much.

Answer – Operator: Next question is from the line of Lindsay Drucker-Mann. Please go ahead.

Analyst: Lindsay Drucker-Mann, Goldman Sachs - Analyst

Question – Lindsay Drucker-Mann: Hey good morning everyone.

Answer – Jody Feragen: Good morning.

Answer – Jeff Ettinger: Good morning Lindsay.

Question – Lindsay Drucker-Mann: I was hoping could you provide a little more color on pricing Grocery Products. Just -- would you expect that the price increases that you expect to take for the fourth quarter will be able to fully cover the input cost inflation that hit you in the third quarter? And Jeff you sounded mindful of balancing price increases to cover margins against a sluggish consumer back -- demand backdrop it seems. Is the biggest concern that consumers will trade down to private label? That retailers are pushing back? What's really causing you to be so careful about how much pricing you're able to take?

Answer – Jeff Ettinger: Well, to us, the key long-term driver of value in this Company is to continue to grow our value-added franchises. A year ago, it wasn't the third quarter call but it was the fourth quarter, we talked about -- we had, had negative quarter in terms of sales. Great quarter on earnings but a negative quarter on sales. So we felt at that time that maybe we had pushed the balance a little too far the direction away from sales. We're obviously very pleased with the double-digit increase we're at right now. So it's a balancing act. You just continue to look at each of your segments and each of the franchises within the segments and try to figure out what's the optimal level to make sure you are still driving that value-added growth.

Of the items that we've announced any activity against, the hash and corn beef items, they're brand-new so we really don't have any report on what impact that is going to have to sales. We have seen some slowdown, for example, in bacon this summer where we were not able to be as aggressive on the features given how high billing markets have gone. Yes, you don't do as much volume when you're not hitting the same feature price point you were able to hit in a different market environment.

Question – Lindsay Drucker-Mann: Okay. And then also on the cut-out side, Jody, you talked about some of the drivers that are boosting cut-out margins this year, but Jeff, you -- I'm sorry?

Answer – Jeff Ettinger: Go ahead.

Question – Lindsay Drucker-Mann: But, so -- and then Jeff you talked about an expectation that those margins might return to more normal levels next year but it seems like the backdrop is actually shaping up to be relatively similar with tight supplies and probably some decent export demand, and an overall tight protein backdrop. So is there any reason why we should expect next year in light of the similar situation that next year margins wouldn't be similarly strong?

Answer – Jody Feragen: Let me answer that question. The only cure for high prices is high prices. So at some point, you hit prices where the export demand and the domestic demand will fall off. But I don't have a crystal ball to tell you when that will happen. But as Jeff indicated we would not expect these continued high cut-out spreads for a lengthy period of time just like we didn't have the negative ones for -- although it was painful for every minute that it was negative. So I would expect that it is going to get back into equilibrium.

Question – Lindsay Drucker-Mann: Okay. Thanks.

Answer – Operator: The next question is from the line of Eric Larson. Please go ahead.

Analyst: Eric Larson, Soleil Securities Corporantio - Analyst

Question – Eric Larson: Good morning, everyone. Quick question related to the last one. A few days ago, Mexico put pork on their retaliation list for violations by the US Government of various NAFTA provisions that we were supposed to be providing. Does that -- given that Mexico is our largest export market is this something that could slow down the export picture and in particular does it do anything for ham pricing? Which is where I think we sell a lot of hams to Mexico which is the big piece of the cut-out margins.

Answer – Jody Feragen: You're absolutely right. We're still waiting to see what the impact of that tariff situation will have. And that certainly could be something that would cause demand to decrease in the near term. Long term, I don't know how they will sustain themselves, since we are their largest provider of that piece of protein, so --

Question – Eric Larson: Yes, sure, that makes sense. I'm thinking more what could -- in the near term, in the next six, maybe even 12 months, get that back to a more normalized margin. Then the second question, which falls on that same line of thinking on cut-out margins, we're talking about relatively tight supplies, and that is generally been incentive for the hog producers to raise more hogs. But now in the last six weeks, we've added a dollar a bushel on corn pricing to their cost structure. What are you hearing from -- are you hearing anything from farmers? It seems that they might even be reluctant to move forward even with good margins, if their cost outlook isn't that favorable. What are your thoughts on that?

Answer – Jody Feragen: Well, we're not heavily involved in raising them ourselves, but from what I understand, with the volatile grain prices, obviously producers are a little leery of putting on additional capital, and I think the lenders would probably be as leery as well. So everything that you stated is absolutely how I would look at the world.

Question – Eric Larson: Right. Well thank you, everyone.

Answer – Operator: The next question is from the line of Robert Moskow. Please go ahead.

Analyst: Robert Moskow, Credit Suisse - Analyst

Question – Robert Moskow: Hi, thank you. Quick question. Jody, on the CapEx what was the project that got pushed into fiscal 2011? Because I remember the forecast for this year was $140 million originally for CapEx so that's about $50 million down.

Answer – Jody Feragen: I know we have some -- and it wasn't one specific project, but there were some enhancements we were making to one of our facilities on the west coast that probably got pushed off a little bit longer, and they're in the process of getting those going. Nothing of the large magnitude. That's a once in a -- every other decade type thing for Hormel to do but even some of our general maintenance CapEx with going through a tough year last year, people have learned to be creative, and I've still got them in that mode. I was thinking they would get to the purse strings faster than they have.

Question – Robert Moskow: It's just interesting to me, because this year you've raised guidance several times, so it seems like the Company is performing really well. Why would you --

Answer – Jody Feragen: We do not have any mandates to not spend. Let me put that it way. So as the projects come bubbling through system we're approving them but they take awhile to get implemented.

Answer – Jeff Ettinger: We did have a burst, if you look at it over a three or four-year time frame, we added some fairly significant value-added capacity at Jennie-O three years ago, in our Dan's Prize operation, you add Dubuque. So there has been some pent-up demand before that for where we're going to put some of these lines and so now we're more in a mode of trying to fill things that have available room. So that maybe has slowed down the overall average spending.

Question – Robert Moskow: Still doesn't quite add up, though. You did have a plan for the year, and you're -- are you reacting then to a weaker demand environment by slowing down projects, or are you just like the projects are just taking longer than you thought? I'm still not --

Answer – Jeff Ettinger: It's really the latter in this case. If you had asked the same question a year ago, we would concede to you that we were being pretty aggressive about trying to slow people down and really, do we have to do the project. That's not the mode we're in right now. It's just -- part of it is timing and part of it is reassessment of certain of the projection that had been on the docket but there really isn't' -- we're not on a starvation diet when it comes to capital right now.

Question – Robert Moskow: Okay, thanks for clarifying. Then another question. On the Refrigerated division, I estimate that about 50% of the profits came from the cut-out margin, then last year, cut-out margins were actually negative. Is that a fair way to look at it?

Answer – Jeff Ettinger: Well, they weren't negative for the year. In fact, there really was only a short period of time that they literally went negative. They were worse than usual for most of the year.

Question – Robert Moskow: What I meant is, when I compare quarter to quarter, Jeff, in your 10-Q last year you said that cut-out margins were actually negative in the July 2009 quarter. So I'm trying to figure out how big the swing is.

Answer – Jeff Ettinger: The quarter, you are right.

Question – Robert Moskow: So maybe it was like negative $5 a head a year ago, and is it as high as maybe a $15 a head positive this quarter?

Answer – Jody Feragen: Well, I don't think it's that high. If you look at the average spread for between the -- if you just average the Western Corn Belt and the USDA cut-out for what was our third quarter, it was around $7, I think.

Question – Robert Moskow: $7, okay, so I can look at those USDA numbers and that gives me a pretty good estimation for your cut-out numbers also?

Answer – Jody Feragen: That's where you get the quoted market for the cut-out, and then we use the Western Corn Belt because that's usually what most of our contracts are based off.

Question – Robert Moskow: If I could just keep on this theme for a second, but when I look at like Tyson's cut-out margins, they seemed to well exceed $7 in the quarter. Do you get a sense that you're performing in line with the industry on cut-out margins?

Answer – Jody Feragen: Those are market numbers I gave you. Those aren't our specific numbers. I don't have those with me.

Question – Robert Moskow: I'll follow up later. Lastly, your decision to hold off on pricing, was it influenced by the fact that you

knew you were over-delivering in the quarter on the Refrigerated side, and would you, as Refrigerated margins normalize on the cut-out side, would that play a role in your decision on when to take pricing elsewhere?

Answer – Jeff Ettinger: No, Robert, I don't know that -- we certainly wouldn't have looked on a quarter basis. I would say there's an element of looking at the year and saying, okay, we earned $2.53 last year, and we're on our way to having a very solid increase this year so we think we're in an okay position. Now, if we keep -- if the squeeze keeps happening and we start seeing more of our franchises having a hard time meeting the margin projections, we may have to reassess that. But we try to do it over a longer timeframe. And really even to implement retail pricing changes these days, it's -- it can take a couple of months even, and once you do them, aside from the market-based items, we'd expect those prices to then stick for awhile. So we really try not to make decisions based on a single quarter.

Question – Robert Moskow: The reason I asked is that your margin in Grocery at 10.9%, that's the lowest I have ever seen it. And surely, your division doesn't find that acceptable. So at what point is it unacceptable? You're saying it's -- you can deal with it now from a corporate perspective, or does that margin to have go higher in order for that division to feel like they've accomplished their goals?

Answer – Jeff Ettinger: Well, our long-term expectations for the division would still be on an annualized basis, and we do have some volatility in terms of seasonality with the business. On an annual basis, we're still looking in the 16% to 18% rang. Now, that may change slightly with the MegaMex change. That's what I was referring to earlier, that, that could water it down, I don't know, on a 100-point basis point or somewhere in that vicinity because we are only taking in 50% the profits of that. But overall, you are right, we would not be happy in the long run living at 11% range.

Question – Robert Moskow: Okay. Thanks a lot.

Answer – Operator: (Operator Instructions) The next question is from the line of Mike Hamilton. Please go ahead.

Analyst: Mike Hamilton, RBC Capital Markets - Analyst

Question – Mike Hamilton: Morning.

Answer – Jeff Ettinger: Hi Mike.

Question – Mike Hamilton: Jeff, could you comment -- turkey, your branding initiatives is there anything beyond overall branding technically that you're trying to accomplish here?

Answer – Jeff Ettinger: Well, it's a strong multimedia effort that we see ourselves not only needing to drive the Jennie-O Turkey Store brand, make sure it has higher awareness levels with consumers. But frankly we see ourselves as the lead player in trying to drive enhanced household penetration and household consumption in turkey. It's been flat for a number of years. We're really the only company out there advertising in the turkey segment, but consumers are articulating a need for wanting to have more and more healthful items, and turkey certainly fits the bill for that so we're going after that in this environment.

Question – Mike Hamilton: Thanks. Staying is on turkey, any thoughts on supply outlook going forward here over the next six to 12 months?

Answer – Jeff Ettinger: We think the turkey business has reached a good equilibrium, and we don't have any major expansion plans and have not heard others in that mode, so I think those conditions should remain favorable into next year.

Question – Mike Hamilton: Do you care to define significant there?

Answer – Jeff Ettinger: For which part?

Question – Mike Hamilton: Just on volume outlook.

Answer – Jeff Ettinger: All I can talk about really is ours, I mean, and in our case, we would be looking at no more than a 1% to 2% increase in total pounds.

Question – Mike Hamilton: Thanks and congratulations.

Answer – Operator: The next question is from the line of Eric Larson. Please go ahead.

Analyst: Eric Larson, Soleil Securities Corporantio - Analyst

Question – Eric Larson: Thanks for the follow-up question. I want to follow up with the fourth quarter. With your new guidance range of $2.85 to $2.91, it implies a fourth quarter, I believe $0.72 to $0.78, and you earned $0.77 last year, and this year you've got an extra week in your operations, and then two years ago -- obviously two years ago you had a difficult quarter, but then you earned $0.73 in the fourth quarter the year before that. So it doesn't necessarily seem like we're up against difficult comp with the exception of maybe the cut-out margins in the fourth quarter. Can you give me a little flavor for why we shouldn't see a more significant up quarter if cut-out margins hold where they are right now? And we've got the comps from two years ago, where you earned $0.73?

Answer – Jeff Ettinger: The comp that I would look at from that time frame was $0.70. We did have $0.03 of extraordinary in that quarter. Your point is well taken in terms of the roller coaster ride. We took down to $0.50 and up to $0.77. The other factors we're looking at here is we are doing a significant step-up in marketing spend to try to drive in particular the Jennie-O Turkey Store brand. That will be to the tune of about a $15 million increase in total spending during the fourth quarter. Otherwise, that's our best outlook of how the assortment of the other businesses will do. We would agree that one potential upside to our number would be if these really high cut-out levels continue, but it's still very early in the quarter on that.

Question – Eric Larson: Okay, Jeff, thanks much, I appreciate it.

Answer – Operator: The next question is from the line of Farha Aslam. Please go ahead.

Analyst: Farha Aslam, Stephens Inc. - Analyst

Question – Farha Aslam: Hi, thanks for taking the follow-up. Could you share with us your M&A thoughts, where your focus is right now and the environment as you see it right now? My sense is that there's maybe -- there's more dialogue now than there was during the trough of the recession hitting.

Answer – Jeff Ettinger: In terms of our priorities, they remain. We have four key strategic areas of growth that we've identified for the Company -- value-added meals, processed items, value-added fresh meat, particularly in turkey and pork, and then solution products for the Food Service and deli. And we work with bankers, we work with businesses that we identify on our own, and we certainly look for opportunities in any of those areas, and then we certainly have recognized that we're perhaps on the underleverage side in terms of international versus domestic. And so that would -- we talked before that,that's a particular area of interest to us that would be to -- for investments in the international area, particularly in Asia.

Question – Farha Aslam: Just as one more on the turkey division, you've restructured that business. How much cost savings annually do you anticipate from the rightsizing of the business?

Answer – Jeff Ettinger: I don't know that we could -- I'm not going to -- I'm not hiding the ball. I don't know that I even have specific number on that. There's certain elements of the change in production that will stick and be there, hopefully year after year. There are other elements that are going to depend on what the feed mix is, what the commodity mix is and so forth, but we're comfortable that they're operating very well and that we should see another good year from them heading into 2011.

Question – Farha Aslam: Great, thank you.

Answer – Operator: And there are no further questions at this time. I will now turn it back over to management for any closing remarks.

Answer – Kevin Jones: Thank you, all. Hope you all have a great weekend, and feel free to call me with any follow-up questions. Thank you.

Answer – Operator: Ladies and gentlemen, this concludes the Hormel Foods third quarter earnings conference call. You may now disconnect. Thank you for using ACT conferencing.

EXHIBIT 8

Q4 2010 Hormel Foods Corporation Earnings Conference Call

AUSTIN Nov 23, 2010 (Thomson StreetEvents) -- Edited Transcript of Hormel Foods Corp earnings conference call or presentation Tuesday, November 23, 2010 at 2:00:00pm GMT

CORPORATE PARTICIPANTS

Kevin Jones, Hormel Foods Corporation - Director, IR
Jeff Ettinger, Hormel Foods Corporation - Chairman, President, CEO
Jody Feragen, Hormel Foods Corporation - EVP, CFO

CONFERENCE CALL PARTICIPANTS

Akshay Jagdale, KeyBanc Capital Markets - Analyst
Ken Zaslow, BMO Capital Markets - Analyst
Christina McGlone, Deutsche Bank - Analyst
Farha Aslam, Stephens Inc. - Analyst
Diane Geissler, CLSA Limited - Analyst
Tim Ramey, D.A. Davidson & Co. - Analyst
Will Sawyer, Credit Suisse - Analyst
Lindsay Drucker-Mann, Goldman Sachs - Analyst
Todd Duvick, BofA Merrill Lynch - Analyst
Eric Larson, Soleil Securities - Analyst
Ann Gurkin, Davenport & Company - Analyst
Mike Hamilton, RBC Capital Markets - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Hormel Foods fourth quarter earnings conference call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions. (Operator Instructions)

This conference is being recorded today, Tuesday, November 23, 2010. I would now like to turn the conference over to Kevin Jones. Please go ahead, sir.

Kevin Jones, Hormel Foods Corporation - Director, IR

Good morning. Welcome to the Hormel Foods conference call for the fourth quarter of fiscal 2010. We released our results this morning before the market opened around 6.30 a.m. Central time. If you did not receive a copy of the release, you can find it on our website at www.Hormel Foods.com under the Investor section. On our call today is Jeff Ettinger, Chairman of the Board, President and Chief Executive Officer; and Jody Feragen, Executive Vice President and Chief Financial Officer.

Jeff will provide a review of the operating results for the quarter and the year. Then Jody will provide a detailed financial results for the quarter. The line will be open for questions following Jody's remarks. I would ask that you please adhere to one question plus one follow-up question. And if you have further questions, you can always go to the back of the queue and likely we will have an opportunity to ask that question as well.

We -- Campbell has a conference call beginning one hour after ours started and so we want to make sure we finish on time. Thank you for your cooperation on that. An audio replay of this call will be available beginning at 10.30 a.m. Central time today, November 23, 2010. The dial-in number is 1-800-406-7325 and the access code is 4384165. It will also be posted to our website and archived for one year.

Before we get started with the results of the quarter, I need to reference the Safe Harbor statement. Some of the comments made today will be forward looking and are made under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed in or implied by the statements we will be making. Among the factors that may affect the operating results of the Company are fluctuations in the cost and availability of raw materials and market conditions for finished products.

Please refer to pages 32 through 38 in the Company's 10-Q for the quarter ended July 25, 2010, for more details. It can be accessed on our website. Now I will turn the call over to Jeff.

Jeff Ettinger, Hormel Foods Corporation - Chairman, President, CEO

Good morning, everyone. We are pleased to report another excellent quarter. Earnings per share for Q4 increased to $0.90, up a solid 17% from a year ago. For the full year, our US GAAP earnings per share were $2.92, up 15% from last year. We did benefit from having 14 weeks in the quarter compared to 13 weeks a year ago.

Our goal for fiscal 2010, coming off a very strong earnings year but on declining sales, was to restore our top line growth. Our sales momentum from the previous two quarters accelerated in the fourth quarter. Total Company sales for the quarter were $2.1 billion, up a substantial 23% from a year ago. As a result, we exceeded the $7 billion level in sales for the first time in our Company's history and all five segments contributed to the sales gain. I will now take you through each segment.

Our Grocery Products Group reported a segment profit decrease of 6% and a sales gain of 24% for the fourth quarter. For the year, segment operating profit was down 4% and sales were up 13%. Segment profit during the quarter and for the year was adversely impacted by higher raw material costs and the Q2 charge related to the Valley Fresh plant closing. Notwithstanding this profit decrease, we were pleased to see the solid sales results delivered by the Grocery Products unit and our consumer product sales

organization.

Sales were driven higher by Hormel Chili and Hash, Compleats Microwave Meals and strong sales growth across much of our MegaMex foods product portfolio. Last quarter, I said I would provide more clarity around the impact of MegaMex food on the Grocery Products operating margins. Our operating margins for the year was 15%.

Without MegaMex food sales it would have been 18%. The absence of Carapelli sales also improved operating margins for Grocery Products. Going forward, because Don Miguel sales initially will not be reflected in our segment top line results, the profits on those sales should improve the reported operating margins for Grocery Products.

Our Refrigerated Foods Group delivered an outstanding quarter with operating profit up 22% and sales up 26%. For the full year, segment profit was up 22% and sales increased by 11%. We continued to benefit from the unusually high pork operating margins in Q4 offsetting the margin squeeze on our value-added products due to higher raw material costs.

Our Meat Products Group posted large sales gains across much of their product portfolio, led by sales of Hormel Party Trays and Pepperoni and Natural Choice deli meets. Our Food Service Group also contributed to the strong top line picture led by sales of CAFE H ethnic meats, Natural Choice deli meats and AUSTIN BLUES barbecue products. I continue to be pleased with the job our team has done with the integration of the Country Crock line of side dishes. This acquisition has contributed nicely to our results.

Our Jennie-O Turkey Store segment completed a very strong year with an excellent quarter with segment profits growing 90% and sales up 19% for the quarter. For the full year, segment profit was up 65% and sales increased 7%. Results of Jennie-O were driven by efficiencies throughout their supply chain and in their operations. Jennie-O also benefited from higher commodity turkey meat prices and lower feed costs.

Included in the large Q4 segment profit increase was a much larger than usual hedging gain amounting to an incremental $7.3 million, about which Jody will provide more explanation. You will recall we chose to roll out an enhanced advertising campaign for the Jennie-O brand during the second half of 2010. We believe the campaign contributed to the double-digit sales growth throughout our value-added businesses at Jennie-O Turkey Store led by retail turkey burgers and tray pack products.

The Specialty Foods unit reported a segment profit decline of 6% on a sales increase of 12% for the quarter. Improved sales of sugar, sugar substitutes, nutritional jars and dysphagia products were unable to offset higher raw material costs impacting our Specialty Products business. Notwithstanding the off quarter from a segment profit standpoint, for the full year segment profit for Specialty Foods was up 18% and sales grew 10% contributing nicely to our overall Company success in 2010.

In our All Other segment, which consists primarily of our Hormel Foods international business, Q4 segment profit was down 3% and sales were up 33%. Higher sales of our Spam family of products were unable to offset higher raw material costs impacting export product margins. For the full year, segment profit was down 5% and sales were up 13%. Looking at fiscal 2011, we should continue to benefit from the solid top line momentum shown in the past three quarters. For example, strong sales of our Hormel party trays and Hormel pepperoni items in our Refrigerated Foods segment will grow our presence in the home occasion and snack categories.

We have many other growth platforms that we believe will help drive our results in fiscal 2011. All told, we expect to achieve sales gains in all five segments in fiscal 2011. We also expect to generate segment profit gains in all five segments in fiscal 2011, though our current expectation is that both Refrigerated Foods and Jennie-O Turkey Store may see much more modest segment profit growth in 2011 after such substantial gains in 2010.

We will start fiscal 2011 with the continued benefit of historically high pork operating margins in our Refrigerated Foods segment but we do not presently expect these historically high margins to continue. On the other hand, we believe that our initiatives with Mexican foods and the addition of Don Miguel will help drive strong results in our Grocery Products segment in 2011.

Headwinds to our outlook for 2011 include continued higher raw material costs, significantly higher grain costs and the absence late in the year of both the extra 53rd week and the hedge gain at Jennie-O Turkey Store. In reaction to the higher raw material costs, we are embarking upon a program of strategic and modest price increases with a number of our products. After taking into account all of these significant factors, we are setting our fiscal 2011 earnings guidance range at $3.10 to $3.20 per share. At this time, I will turn the call over to Jody Feragen to discuss the financial information relating to the fourth quarter and fiscal 2010.

Jody Feragen, Hormel Foods Corporation - EVP, CFO

Thank you, Jeff. Good morning, everyone. Earnings for the fourth quarter of fiscal 2010 totaled $121.1 million, or $0.90 per share, compared to $103.9 million or $0.77 per share a year ago. US GAAP earnings for the 12 months of fiscal 2010 totaled $395.6 million, or $2.92 per share, compared to $342.8 million or $2.53 per share a year ago. Adjusted earnings for the full year totaled $409 million or $3.02 per share.

Adjusted earnings exclude one-time charges in the second quarter relating to the closure of the Valley Fresh plant and the tax charges primarily related to the new health care laws. Dollar sales for the fourth quarter totaled $2.1 billion compared to $1.7 billion last year, a 23% increase. For the full year, dollar sales were $7.2 billion, an 11% increase from last year. Volume for the fourth quarter was 1.3 billion pounds, up 14% from fiscal 2009. Year to date, volume was 4.8 billion pounds, up 5% from fiscal 2009.

As Jeff mentioned earlier, we reported an incremental gain of $7.3 million in our Jennie-O segment relating to our open hedge positions. We enter into futures contracts and swaps to hedge our grain costs. As required by hedge accounting rules, we periodically measure the effectiveness of these instruments. The effective gains and losses are deferred but the ineffective portion becomes a current gain or loss. The recent rapid increase in corn and soybean prices caused the ineffective gain to be much larger than we typically experience.

Selling, general and administrative expenses in the fourth quarter were 8.1% of sales compared to 8.5% last year. Year to date, selling, general and administrative expenses were 8.4% of sales compared to 8.7% last year. We expect selling, general and administrative expenses to be approximately 8.5% of sales for next year. Interest and investment income was $2.4 million for the fourth quarter compared to $2.2 million last year. Year to date, interest and investment income was $4.6 million compared to $19.6 million last year when favorable market returns on our rabbi trust investments drove our investment income higher.

Interest expense for the quarter was $7 million compared to $6.7 million last year. Year to date interest expense was $26.6 million, down from $28 million last year. We expect interest expense to be approximately $20 million to $23 million for fiscal 2011. Our effective tax rate in the fourth quarter was 34.8% versus 34% in fiscal 2009. The year to date effective tax rate is 36% compared to 34.5% last year. For fiscal 2011, we expect the effective tax rate to be between 35% and 36%.

The basic weighted average number of shares outstanding for the fourth quarter and full year was 133 million shares. The diluted weighted average number of shares outstanding for the fourth quarter and full year was 135 million shares. We repurchased 370,000 shares of common stock during the fourth quarter and we have 4.4 million shares remaining to be purchased from the 5 million share authorization in place.

Depreciation and amortization for the quarter was $33.5 million compared to $33.1 million last year. For the full year, depreciation and amortization was $126 million compared to $127 million last year. We expect depreciation and amortization to be about $125 million in fiscal 2011. Our $350 million bond, due in June of 2011, is classified as a current obligation so we carried no long-term debt at the end of the quarter.

During the quarter, we made a $50.2 million contribution to our pension plan for a total of $70.3 million for the year. We invested $76 million in our MegaMex joint venture in the fourth quarter to facilitate the Don Miguel acquisition. Capital expenditures for the quarter totaled $26 million, flat with last year. For the full year, capital expenditures totaled $90 million compared with $97 million last year.

For fiscal 2011, we expect CapEx to be approximately $120 million to $130 million. At this time, I will turn the call over to the operator for the question-and-answer portion of the call. Operator?

QUESTIONS AND ANSWERS

Answer – Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) And our first question is from the line of Akshay Jagdale with KeyBanc Capital Markets. Please go ahead.

Analyst: Akshay Jagdale, KeyBanc Capital Markets - Analyst

Question – Akshay Jagdale: Good morning. Congratulations on a strong quarter.

Answer – Jeff Ettinger: Thank you, Akshay.

Question – Akshay Jagdale: I just wanted to, Jeff, if I may, just talk a little bit about the processing business and Refrigerated Foods and others, always a lot of questions. But it seems like just throughout the industry there has been above average margins in the processing business and even though you have a higher value-added portion you have been benefiting from that. And you are continuing to say that you don't expect this to sustain itself, these higher margins. Can you talk about why that is the case? Why do you expect margins not to be sustainable and maybe even talk about why they are so high today?

Answer – Jeff Ettinger: I think our outlook is that we are not counting on it. Just a couple years ago, or not even two full years ago we were in the exact opposite situation and looking at negative cut evens and substantially below average cut evens. I guess those of us have been in the business for awhile we see these things swing, now is it possible we are at some kind of level the new norm?

Yes, that's possible. But we aren't banking on that in our 2011 guidance. Over time, if the processing margins become more moderate and as we take pricing action to catch up with where the pork market has moved, we expect our value-added items to shine through and be the major growth vehicle for Refrigerated Foods.

Question – Akshay Jagdale: So why do you think it could be a new normal, if it is? I mean, can you just -- it's not really clear to all of us, I think, on the -- here where we sit today as to why margins are in fact higher. We see a much tighter supply and demand situation here in the US but why should it be sustained? I'm just trying to get your sense of where we fall on that. I mean, you just mentioned that it could be a new norm. Can you help us understand why that could be the case?

Answer – Jeff Ettinger: I said it could be, but I also said if you look at based on what our guidance has been formulated against, we don't think it is. But I would have sat here three or four years ago and been fairly astonished at corn regularly being in the $5 range, too. Our best guess right now is that this is still a somewhat temporal run-up, that it will eventually moderate back down to a more normal level.

But given that we told you at the last two quarters also and outlasted our expectations that time. I guess I'm just being a little more cautious in terms of being a know-all and see-all in terms of where this market goes. In the long run, again, it just all gets back to, we try to figure out what the likely input costs are going to be and then turn loose our Foodservice and Meat Products groups to sell value-added products against that cost environment.

Question – Akshay Jagdale: Okay. Great. I will get back in the queue. Thanks.

Answer – Jeff Ettinger: Okay, thank you.

Answer – Operator: Your next question is from the line of Ken Zaslow with BMO Capital Markets. Please go ahead.

Analyst: Ken Zaslow, BMO Capital Markets - Analyst

Question – Ken Zaslow: Hey, Good morning, everyone.

Answer – Jeff Ettinger: Hey, Ken.

Question – Ken Zaslow: I guess my question is, can you talk about what changes you've made to SPAM and Compleats to regain some sales momentum? And my follow-up just with that is are there channels that you are outperforming? The retail takeaway

doesn't seem as good as what you are putting up. So I assuming it might be in alternative channels, if you could just talk to those two issues that would be great?

Answer – Jeff Ettinger: Okay. SPAM, to me, I really haven't viewed that as a problem any time during the year. We had very strong sales in 2009. It's bounced around a little bit more in 2010. But in the long run, we think it's going to be a nice steady contributor for us and that's what it was during the fourth quarter.

Compleats, we were pleased to see a turnaround in Compleats. One quarter to me doesn't -- I don't take full comfort that, okay, the job is done. I am excited by the new product offering that the Grocery Products marketing team and sales organization is bringing to the market which is Kid's Compleats, items that meet the USDA definition for healthy products for children. And so that we hope will stimulate expanded growth during 2011 for those lines.

To your second question, without a doubt, there is a difference from brand to brand as to how much of our business is in our reported channel versus non-reported channels. I don't want to be too specific with it but you did happen to bring up, both the examples you brought up, have higher than normal sales in the unreported channels.

Question – Ken Zaslow: Great. Thank you very much.

Answer – Operator: Your next question is from the line of Christina McGlone with Deutsche Bank. Please go ahead.

Analyst: Christina McGlone, Deutsche Bank - Analyst

Question – Christina McGlone: Hi, good morning. I guess just on Jennie-O, it was a great quarter and looking into 2011 you talked about higher year-over-year profit growth, though, moderating. I'm just curious, I know sometimes you are reluctant to talk about it and you talk about your typical hedge position, but you talked about the gain in the quarter. I'm wondering what your coverage is like going into fiscal 2011 on grains? And then also it looks like, I guess, because of the strong profitability you are seeing (inaudible) up pretty strongly over the last six weeks. If we are facing higher production and higher grain costs next year if it would be difficult to grow EBIT year-over-year?

Answer – Jeff Ettinger: On a coverage basis, we are still kind of in our normal articulated guidance range that will cover our internal corn and soy needs in the 25% to 75% range. We will acknowledge that we are on the upper side of the 50% rather than the lower side. We did think there was more upside risk heading into 2011 than there was downside opportunity. And so it's up to -- that will help moderate some of the pricing actions that Jennie-O Turkey Store has to take in 2011 but it won't eliminate them all together.

And indeed if we don't get relief in the markets in the long run they will probably have to be right back out there heading into 2012, looking at another step in their pricing, but that's just something they need to do in terms of managing their customer relationships and consumer reaction to that. In terms of the commodity markets, I mean, clearly they are quite high right now. We don't sell a lot of breast meat on the commodity market so that element of the composition is less significant to us. But the high thigh meat markets are certainly beneficial to Jennie-O and we expect that to be a positive for them in 2011.

Question – Christina McGlone: Okay. Thank you.

Answer – Operator: Thank you. The next question is from the line of Farha Aslam with Stephens Inc. Please go ahead.

Analyst: Farha Aslam, Stephens Inc. - Analyst

Question – Farha Aslam: Hi, good morning.

Answer – Jeff Ettinger: Hi, Farha.

Question – Farha Aslam: Congratulations on a great quarter.

Answer – Jeff Ettinger: Thank you.

Question – Farha Aslam: And on MegaMex sales and your whole Mexican initiative, could you share with us kind of what MegaMex sales were, what you expect them to be going forward, and could you give us more color on how Don Miguel will impact margins in that business or benefit margins in that business?

Answer – Jeff Ettinger: Sales all told, if you count all the brands that we combined together with Herdez Del Fuerte over a year ago and then you add on Don Miguel we are talking about a business venture that's north of $300 million. So it's a significant investment for us and piece of our portfolio.

As I tried to articulate earlier in the comments, you aren't going to see all those sales roll through Grocery Products sales because the Don Miguel portion is not going to be going through at least in the first year and we will have to talk with the partner over time as to what the best way is to manage that aspect of the business. That is in part to allow us to get our hands around Don Miguel and in part it's in recognition of the fact that nearly half of Don Miguel sales are in the C-store channel and that's not been our typical forte of our consumer products sales organization.

We may have a hybrid approach or we may have to bolster our skills within the CPS covering C-stores. But that's something we will chat with the current Don Miguel management and with our partner going forward.

Question – Farha Aslam: And then margins in that business going forward, are they going to be similar to Grocery Products because Don Miguel sales won't be included but profits will be? Just trying to figure out how to model that segment.

Answer – Jeff Ettinger: I think for this upcoming year, that will certainly be a plus to Grocery Products and so instead of the 15% we ended up with this year, you will start moving toward that 18% number. But it is not going to fully get you there.

Question – Farha Aslam: Okay. And follow-up on that is, you have a significant cash position and no debt. Can you share with us

your priorities in cash and how your M&A pipeline is looking?

Answer – Jody Feragen: Hi, Farha, this is Jody. Yes, we do have a significant amount of cash. Certainly our announcement yesterday of a substantial increase to our dividend is to somewhat address that and also to recognize that we did have a very strong year and expect to continue to have a strong year next year.

So returning cash to shareholders, we repurchased shares in the fourth quarter, for the full year to the tune of about $70 million. That remains to be another opportunity for excess cash. But really it gets down to looking for those M&A opportunities and internal organic investments in our business. That's what's going to grow us then.

There are -- seems to be a lot more deals that get announced in the news. I don't have anything to tell you today. We typically don't speculate about that.

Question – Farha Aslam: Okay. Thank you.

Answer – Operator: Thank you. The next question is from the line of Diane Geissler with CLSA. Please go ahead.

Analyst: Diane Geissler, CLSA Limited - Analyst

Question – Diane Geissler: Good morning.

Answer – Jeff Ettinger: Hi, Diane.

Question – Diane Geissler: Congratulations on your quarter.

Answer – Jeff Ettinger: Thank you.

Question – Diane Geissler: On the Grocery Products segment, it's a two-part question, since I'm only allowed one question. Part one would be my accretion level on Don Miguel, I worked out to be about $0.06 or about 100 BPS on the EBIT margin. Could you help me there? Am I in the ballpark?

And the second question on Grocery Products would be you mentioned that because of the raw material inputs you were taking some pricing, could you give us some idea about your expectations, even if you don't want to speak directly to Grocery Products, about how much you think pricing will add on the top line in fiscal 2011?

Answer – Jeff Ettinger: I will take the second question first and Jody is quickly doing some math and maybe, hopefully, help you with your question on accretions. In terms of raw material inputs we are going to take an action on SPAM. We have announced to our sales organization a price increase on that product line that will kick in effective the beginning of the second quarter. On a Company-wide basis, we are really kind of evaluating each portfolio and each area of the business and looking at what consumer behavior has been. What's the competitive set like. I think when we take pricing it's probably going to be in that 3% to 4% range. But we won't be taking it on every item. So you can moderate that number downward somewhat to estimate what the impact of pricing would be on our overall year.

Question – Diane Geissler: Okay. Perfect.

Answer – Jody Feragen: Diane, I think you may be including the full impact of Don Miguel in your estimation, and attributing it to Hormel when we have to share that with our partner.

Question – Diane Geissler: Okay. So I guess maybe my assumptions regarding the margin structure in the business were too aggressive. It's not -- the margin structure would not be similar to the other products within your Grocery Products segment?

Answer – Jody Feragen: I'm going to let you follow-up with Kevin after the call. See where -- it's hard to model on the fly, if you will.

Question – Diane Geissler: Okay. Terrific. That's fine.

Answer – Jeff Ettinger: We do need to bear in mind the partner interest however you are calculating it.

Answer – Operator: Thank you. The next question is from the line of Tim Ramey with D.A. Davidson. Please go ahead.

Analyst: Tim Ramey, D.A. Davidson & Co. - Analyst

Question – Tim Ramey: Good morning. Add my congratulations, please.

Answer – Jeff Ettinger: Thank you, Tim.

Question – Tim Ramey: A clarification and then a question, how about that? Jody, I think you mentioned lower corn input costs in Jennie-O Turkey Store. Is that referring specifically to the hedging gain or even ex- the hedging gain would you have had favorable inputs there?

Answer – Jody Feragen: I would say that there are feed costs that are driven by lower grain costs and we look at it including whatever gains are flowing through. But remember there is always that time lag because you are feeding the turkey for the full time of its life still. There are varying levels that go in there. And we really look at it as a total feed cost overall. So that was one of the drivers for them. The $7.3 million is above and beyond that. That was an unexpected ineffectiveness gain that we had for the quarter.

Question – Tim Ramey: Okay. Jeff, I always think you are a good window into the foodservice world. We haven't really been hearing overly bullish commentary on foodservice, but I'd love to hear what your thoughts are right now?

Answer – Jeff Ettinger: I just came back from the international sales meeting and their group has a good sense of optimism. They

understand that it is still a challenging environment out there. But when you focus in on the branded value-added products, they were showing growth in the vast majority of those items through the latter half of the year and have high expectations for those in 2011.

Question – Tim Ramey: Great. Thank you.

Answer – Operator: Thank you. And the next question is from the line of Robert Moskow with Credit Suisse. Please go ahead.

Analyst: Will Sawyer, Credit Suisse - Analyst

Question – Will Sawyer: Hi, good morning. This is Will Sawyer in for Rob. Congratulations.

Answer – Jody Feragen: Thank you.

Question – Will Sawyer: I just wanted to dig in a little bit more on the Jennie-O business and margins, obviously, you have expanded a lot there and I don't know if your targets are still in the 8% to 10% range, but wanted to get an update there and also what your expectations were for margins in 2011?

Answer – Jeff Ettinger: Well, I think what we tried to get at earlier was the notion that we think they can maintain the level that they were able to achieve during 2010 and expand it a little bit based on sales increases. But that after a couple of pretty solid growth years in a row that we aren't expecting the huge increases that we have seen in the past year. They have driven a lot of efficiencies within their operation and I think they are now in a mode where clearly the top line is going to be important for them in the long run to make sure they keep that momentum.

Question – Will Sawyer: Okay. If I can just do one follow-up. On your -- as far as acquisitions, obviously, you can't discuss anything specific, but as far as possible leverage targets, can you give us any color on that and what you will be willing to go up to?

Answer – Jody Feragen: We have talked before that we certainly feel we have a balance sheet that could hold upwards to a billion dollars in debt. And we have $0.5 billion of cash on our balance sheet and investments at this point. But traditionally in the acquisition arena we've kind of focused on the $300 million plus or minus. So those are the areas.

Question – Will Sawyer: Thank you.

Answer – Operator: Thank you. The next question is from the line of Lindsay Drucker-Mann with Goldman Sachs. Please go ahead.

Analyst: Lindsay Drucker-Mann, Goldman Sachs - Analyst

Question – Lindsay Drucker-Mann: Hi, good morning, everyone.

Answer – Jeff Ettinger: Hi, Lindsay.

Question – Lindsay Drucker-Mann: I was just hoping you could help me better understand the composition of your guidance. I know the tax rate helps a little bit. But on the divisional level, maybe just talking through which divisions you expect to be particularly strong, especially if the accretion from Don Miguel is a bit more modest and you are looking for a return to more normal, or at least not necessarily as peak margins, in the pork business?

Answer – Jeff Ettinger: Okay. Be happy to do that. My expectation is that all five units will be up during 2011. I think we are looking at modest gains, low- to mid-single-digits for Jennie-O Turkey Store and Refrigerated Foods. I think we are looking at a fairly typical gain from Specialty Foods based on our long-term guidance. So it's normally 10% but they are short a week and that's roughly 2% so high-single-digits for them.

Our expectations for international are solid double-digit growth and they had a very strong set of years for about four or five years in a row and then the last couple years have not been as strong so we are expecting them to get back on track and be able to generate that. And then Grocery, we are expecting a good year out of Grocery. Just, we think they have decent solid momentum in their core portfolio anyways.

And then you add to that the Kid's Compleats, you add to that the momentum we have in MegaMex, you add our portion of the Don Miguel earnings, and then on top of that we do expect to benefit from the move of the Valley Fresh canned chicken production into our Dubuque facility. That was part of the write-down we took in the second quarter but we are now producing. We just started that at the end of the fourth quarter and that will improve our cost picture for our chunk chicken line. All of those things put together should mean that Grocery Products should be able to have a very strong year in 2011.

Question – Lindsay Drucker-Mann: Great. That's really helpful. Thank you for the detail. And then just as a follow-up, I was hoping you guys -- I know the final rule is probably a little ways out, but maybe just to give us a sense of how the GIPSA changes may affect your business?

Answer – Jeff Ettinger: It really will be highly dependent on how those final rules look. I mean, we are certainly in dialogues with the regulators, with our producers. Our producers are writing letters and attending hearings throughout the country that -- we think many of the things in the articulated rules would be counterproductive to our both industry and the economy in general, but we will just have to see where it ends up sorting out and how many of the restrictions really end up applying. We definitely are in the mode of relying upon contract growing in both Jennie-O and in our hog operations and so it's a very important element for us going forward.

Question – Lindsay Drucker-Mann: Thank you.

Answer – Operator: Thank you. The next question is from the line of Todd Duvick with Bank of America Merrill Lynch. Please go ahead.

Analyst: Todd Duvick, BofA Merrill Lynch - Analyst

Question – Todd Duvick: Thank you. Good morning.

Answer – Jeff Ettinger: Good morning.

Question – Todd Duvick: I wanted to ask about your $350 million note that is maturing in June and find out what your plans are. Given your strong balance sheet, you certainly have the ability to pay that off it looks like, but with the attractive rates environment, I'm wondering are planning to refinance that?

Answer – Jody Feragen: You just kind of -- your question was my answer. That's something certainly we are looking at. Obviously, we don't need the cash and we can [defeat] the note with the cash on hand. But given the current environment we certainly will take a look at the possibility of maybe doing a smaller offering.

Question – Todd Duvick: Okay. And then just related to the pension plan, you do have a small underfunded status, at least as of the last year and I assume that may be the case. Are you looking at a potential voluntary offering or a voluntary contribution related to the pension plan in 2011 as well?

Answer – Jody Feragen: Our typical funding levels would be to fund normal costs on an annual basis. We did make the additional contribution in 2010 to get us to fully funded status. So our plans are in very good shape and we would just look at normal costs which is the $20 million range.

Question – Todd Duvick: Okay. So you are at full-funded status as of the end of the fiscal year?

Answer – Jody Feragen: Yes.

Question – Todd Duvick: Okay. That's helpful. Thank you very much.

Answer – Operator: Thank you. And the next question is from the line of Eric Larson with Soleil Securities. Please go ahead.

Analyst: Eric Larson, Soleil Securities - Analyst

Question – Eric Larson: Good morning, everyone. Congratulations.

Answer – Jeff Ettinger: Thank you, Eric.

Question – Eric Larson: I'd just like to drill down a little further on the hog cutout margins. Obviously, we have got pretty good demand. We've got reasonably strong exports. The tariffs in Mexico didn't seem to do anything to stem demand. You have good profit margins at the producer level and yet we are seeing very tight supplies. We aren't seeing them expand the herd and obviously there is probably some caution on the feed out costs with meal and corn prices where they are. Can you just summarize maybe more on the supply side, kind of give us an idea of how the producers might be looking at this current environment as to what they might do for either expansion plans or no expansion plans?

Answer – Jody Feragen: Well, let me take a turn at the hog markets here. I am not sure that I agree with your statement that the producers are in good shape. They had some periods of profitability, but with the recent run-up in grains if they are not hedged on that I would sense that they are probably not as profitable. Certainly not at the levels that they were earlier this year.

I would expect that we should see about the same level of production in 2011. I guess it gets back to the demand side of the equation, and then as you had indicated even with some of the negatives with the tariff markets and whatnot in Mexico we still seem to have that strong demand. And that is something that I don't have the answer to.

Question – Eric Larson: So basically everything you said right there, Jody, it sounds like you could have continued relatively strong cutout margins if producers really aren't willing to expand the herds at this point?

Answer – Jody Feragen: I don't sense that we will see large scale expansion given the profitability for the producers at this point. So that's correct. I also don't know what consumers will do when they finally get passed through all the costs that need to go down to the consumer level. And then you also have the competing proteins that would have an impact and if chicken starts to be a better value for the consumer that could have some demand impact.

I wish I could give you a definitive answer. I don't know, and as Jeff indicated in his response, it's something that we are just not counting on but we've said that for a couple of quarters, too.

Question – Eric Larson: Sure. That is helpful in flavor. It helps to clarify some of that stuff. Have a good Thanksgiving, everyone.

Answer – Jeff Ettinger: Thank you, Eric.

Answer – Operator: Thank you. Our next question is from the line of Ann Gurkin with Davenport. Please go ahead.

Analyst: Ann Gurkin, Davenport & Company - Analyst

Question – Ann Gurkin: Good morning, and congratulations, as well, on the great quarter.

Answer – Jeff Ettinger: Thank you.

Question – Ann Gurkin: Just wanted to ask about the consumer -- if you can comment on how you think the health of the consumer is right now and what does Hormel need to do over the next several years to remain relevant or to add value to the consumer perception of Hormel brands?

Answer – Jeff Ettinger: The consumer is -- our reaction from our consumers to our products has been quite strong, but clearly the overall economy is mixed and still has a significant pockets of weakness. Our emphasis is in part on continuing to build the brand.

We've had a steady effort against the Hormel brand over the last two to three years and we will continue that into 2011.

We had an extra strong effort against the Jennie-O Turkey Store brand in the second half of 2010 and we will kind of take a little more wait and see approach as to the level of advertising we go after the Jennie-O brand with in 2011. But our initial read on that advertising was we saw some very nice sales increases.

Otherwise, continuing to be innovative with the products is important and that ranges from brand new products such as Kid's Compleats or new versions of party trays, to just kind of simple innovations even within existing franchises like our Hormel Chili franchise, simple things like putting easy-open ends on it and reducing the sodium level of the core product. We had a very strong year with Hormel Chili last year just even with simple innovations like that.

Question – Ann Gurkin: Great. Thank you all.

Answer – Operator: Thank you. The next question is from the line of Mike Hamilton with RBC. Please go ahead.

Analyst: Mike Hamilton, RBC Capital Markets - Analyst

Question – Mike Hamilton: Good morning, everyone.

Answer – Jeff Ettinger: Hi, Mike.

Answer – Jody Feragen: Good morning.

Question – Mike Hamilton: Congratulations on the year.

Answer – Jeff Ettinger: Thank you.

Question – Mike Hamilton: Only in America can inactive positions lead to booking a gain. My boss is going to be really impressed with that. Referring to me, of course. If you could, Jeff, take a look back at the year and assess the progress you have made on the value add side within your businesses?

Answer – Jeff Ettinger: I'm very happy with it. I mean, I was a little concerned as we ended last year where we had lost momentum in sales. We had a kind of pretty so-so third quarter and a poor fourth quarter last year in terms of sales. And I think that teams really redoubled their effort to make sure that we were doing the right promotions with customers, to introduce a couple of strategic good new items and then the advertising, I think, supported it. And so, I mean, we saw really very solid growth across most of our major value-added franchises as we ended the year, high, significant double-digit gains in Grocery and Meat Products and Foodservice and the value-added Jennie-O portfolio. So I'm pretty pleased with it.

Question – Mike Hamilton: Thanks and congratulations.

Answer – Jeff Ettinger: Thank you.

Answer – Operator: Thank you. Our next question is a follow-up from the line of Akshay Jagdale with KeyBanc Capital Markets. Please go ahead.

Analyst: Akshay Jagdale, KeyBanc Capital Markets - Analyst

Question – Akshay Jagdale: Thank you for taking the follow-up. Just wanted to, again, get a little bit more clarification on the pork markets and thank you for your comments on that, Jody. But in your opinion, what is driving the higher cutout margin? Is it export or domestic demand?

Answer – Jody Feragen: I think it's been a combination of both. We have seen strong export demand. I believe that that's weakening here lately, but the earlier in the year we saw strong export demand, and then we've had great consumer demand for pork in the US and it seems to be clearing. So certainly the freezer stock inventories that came out today show that there is -- we are still down 2% year-over-year.

Question – Akshay Jagdale: So would you agree, if I then said, because corn is where it is and what has happened on the producer side which is they've had two years of losses, that despite demand being strong, supplies are sort of slower to react than it usually is which is why maybe margins have sustained at this higher level? Is that a fair -- would you agree or disagree with that statement?

Answer – Jody Feragen: Certainly supply. We haven't seen expansion in the hog industry. Anecdotally, I understand that some of the producers are finding it difficult to get the financing that they may need. And some of the larger producers are kind of waiting to see where these grain crops settle in at and to see what their business model will look like before they put anything else on the ground. I am kind of going along with where the USDA sees hogs for 2011 at this point which is basically flat.

Question – Akshay Jagdale: Okay. And then one for Jeff on the turkey side. What are your expectations, supply for next year on the turkey side? We've seen some of the [eggs set] numbers pick up and with a good year probably expect those numbers to continue to move up. What are your expectations on the supply side especially in light of what's going on with grains?

Answer – Jeff Ettinger: I don't have a full read on that. You've identified both the factors that people are [wearing]. I guess the best I can tell you is that we intend to hold the line on production.

Question – Akshay Jagdale: Okay. Great. That's very helpful. Thanks a lot.

Answer – Operator: Thank you. (Operator Instructions) We do have another follow-up from the line of Lindsay Drucker-Mann with Goldman Sachs. Please go ahead.

Analyst: Lindsay Drucker-Mann, Goldman Sachs - Analyst

Question – Lindsay Drucker-Mann: Great. Thanks for the follow-up. I just had a question on international. If you could maybe just give us a bit of color as to why you think that division, from a profit growth perspective, has lagged what you think the normalized growth rate might be? And then in addition, if the Chinese initiatives to curb domestic inflation have any bearing on your business there? Thanks.

Answer – Jeff Ettinger: Okay. The difficulty they've had the last couple of years has really been related to the run-up in hog costs and in turn in trim that goes into SPAM. SPAM is a key item internationally. Their sales growth for SPAM has been fantastic and in the long run I am very confident that that building of that franchise is really going to generate some significant profit for that division.

But we have to wait for a little bit more moderate situation and/or their pricing to catch up. They have taken some pricing action and they've announced they are taking further pricing action. They also had benefited from really pretty good margins over the years in their fresh pork business and specialized items, but again that got tight this year with the way the markets are.

We are expecting a gradual improvement in that picture for them and then their momentum in these value-added items can drive the day for them. In terms of China, our China focus is primarily in-country with our two facilities and we really aren't seeing any impact on the business in there.

Question – Lindsay Drucker-Mann: Okay. And then just following up, does your expectation that international will have a very, very strong year say anything about your expectation for trim prices next year? Do you think those will be a little bit more moderate?

Answer – Jeff Ettinger: We are thinking they will be a little more moderate but that's not the key driver. That will help. We are expecting better results out of a couple of the partnership interests that we have in the Philippines and in other markets. We are continuing to invest in growing the brand in Japan, and so we think those volume increases will be a driver as well.

Question – Lindsay Drucker-Mann: Okay. Thank you.

Answer – Operator: Thank you. Our next question is a follow-up from the line of Diane Geissler with CLSA. Please go ahead.

Analyst: Diane Geissler, CLSA Limited - Analyst

Question – Diane Geissler: Good morning, thanks for the follow-up.

Answer – Jeff Ettinger: Sure.

Question – Diane Geissler: I may have missed this, what was the advertising spend in Jennie-O Turkey Store this quarter?

Answer – Jeff Ettinger: Oh, what was just the quarter, $15 million?

Question – Diane Geissler: $15 million?

Answer – Jeff Ettinger: Yes, it was 14 -- we'll probably have to get you the exact number but I think it was in the $14 million to $15 million range.

Question – Diane Geissler: Okay, great. Thank you.

Answer – Jeff Ettinger: Yes.

Answer – Operator: Thank you. And there are no further questions at this time. Please continue with any closing remarks.

Answer – Kevin Jones: Very good. Thank you all for joining us. Have a great Thanksgiving.

Answer – Operator: And, ladies and gentlemen, this concludes our conference for today. Thank you for your participation. You may now disconnect.

EXHIBIT 9

National Hog Farmer®

June 15, 2014

A PENTON MEDIA PUBLICATION

The Pork Business Authority

Looking to the Future of Your Farm - Page 6

Will PEDV Eliminate a Packer? - Page 12

Digging into Pork Inventory Numbers - Page 16

www.nationalhogfarmer.com

Hormel Ex. 9-01

Will PEDV Cost Our Industry a Plant?

Packer survey investigates what slaughter capacity looks like post-PEDV.

By Steve Meyer
Paragon Economics Inc., Adel, IA

The U.S. pork industry has operated for two years now with the real possibility that hog numbers would exceed packing capacity in each year's fourth quarter. The first time period for such a risk was fall 2013, and the drought of 2012 took care of that by discouraging expansion with record-high production costs. "A good 2013 crop means we could be in a bind by fall of 2014!" others and I warned. It appears porcine epidemic diarrhea virus (PEDV) has taken care of that threat.

So will 2015 be the year producers can't find a home for market-ready hogs in the fourth quarter? That is doubtful, given the fact that we have no consistent, effective solution for PEDV and, at least according to USDA, the U.S. breeding herd has actually shrunk since a year ago. Neither the smaller breeding herd nor continued and severe productivity challenges lend themselves to having too many pigs for packers to handle.

Where Do We Stand Now?

That was the question I tried to answer in the 2014 version of my survey of U.S. pork packing companies. As has been the case in years past, I asked packers, "How many hogs could your plant(s) harvest if hogs were plentiful and margins were good?" That question allows the packers to give an answer subject to their own, possibly unique limiting factor(s), be that cooler space, fabrication capacity, shift limitations or some other factor. Double-shift plants still all appear to process 11,000 head per day or more.

The table shows the results of this year's survey. Note that there are eight companies that either declined to answer my question or could not be reached. None of those eight companies have made any publicly announced changes in their capacities, so I am comfortable listing our 2013 numbers again this year.

The largest change for packing capacity in this year's survey came at Smithfield Foods' Tar Heel, NC, plant, which gained 2,500 head per day to reach 36,500. This plant remains by far the largest plant in the world and is, in fact, two "normal-sized" slaughter and processing plants under one roof. The increase at Tar Heel pushed Smithfield's leading company total to 119,500 head per day, or 26.5% of the nation's total.

None of the other top four companies made any changes this year. Hormel reported a 500-head reduction for the capacity of its Los Angeles, plant (the former Clougherty/Farmer John plant). Triumph Foods increased capacity at St. Joseph, MO, by 1,000 head per day. Finally, Pork King Packing of Marengo, IL, and Yosemite Meats of Modesto, CA, added 200 and 250 head per day, respectively, to their capacities since last year's survey.

There was only one plant closure this year. Bob Evans Farms closed its Richardson, TX, sow processing plant in October 2013. That plant had a capacity of 400 head per day, but Bob Evans increased the capacities of its two remaining plants (Xenia, OH, and Hillsdale, MI) to recover half the capacity lost with the Richardson closure and keep the company at 1,000 head per day, and at No. 30 in our rankings.

The increase at Calihan Packing in Peoria, IL, more than offset the reduction at Bob Evans to leave total sow/boar slaughter capacity at 20,045 head per day, or more than 100,000 per week. There has not been a week of more than 100,000 head of sows/boars slaughtered in the U.S. since 1994. There hasn't been a week with more than 80,000 since 2008. It is clear that there is still substantial overcapacity in the sow slaughter sector even after six sow plants have closed since 2009.

Over the past few years I have consistently tracked another 22 plants with capacities of 100 head per day or more. We only surveyed five of those this year and found that one, Calihan, had added 300 head per day to its capacity. There were no public announcements of any changes at any of the other 17 plants. Industry sources report that there are a few more plants that I have not historically tracked that can collectively process another 3,600 head per day, bringing the grand total to 451,520 head per day — up 3,600 head per day or 0.8% from one year ago.

The Case for Another Plant

I have argued for some time that the U.S. industry does indeed need more slaughter capacity if it is to grow in future years.

The critical question facing the industry now is whether PEDV will cost us a packing plant. So far, gross packer margins have been excellent since PEDV began to impact slaughter numbers, but low throughput rates will drive up average operating costs, leaving net profit not nearly so rosy.

It appears that the disease is, so far, being viewed as a production blip that can be overcome with a vaccine and/or management practices.

But it is possible that such measures will not stem the PEDV tide. If so, a larger breeding herd may be needed to push hog output to its previous levels, given today's lower pig survival rates, and putting in those additional breeding animals will take time.

The last real supply challenge faced by the U.S. packing sector was in 2010, when the culmination of higher feed costs, a stronger Canadian dollar and mandatory country-of-origin labelling reduced U.S. supplies enough that Smithfield closed its Sioux City, IA, plant. I do not believe that any such occurrence is imminent at present, but a long battle with PEDV could put some plant in that same precarious position by 2016. NHF

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CAUTION: Federal (U.S.A.) law restricts this drug to use by or on the order of a licensed veterinarian. Federal (U.S.A.) law prohibits the extra-label use of this drug in food producing animals.

PRODUCT DESCRIPTION: Each mL of Enroflox 100 contains 100 mg of enrofloxacin. Excipients are L-arginine base 200 mg, n-butyl alcohol 30 mg, benzyl alcohol (as a preservative) 20 mg and water for injection q.s.

INDICATIONS:
Cattle: Enroflox 100 is indicated for the treatment of bovine respiratory disease (BRD) associated with *Mannheimia haemolytica, Pasteurella multocida* and *Histophilus somni* in beef and non-lactating dairy cattle.
Swine: Enroflox 100 is indicated for the treatment and control of swine respiratory disease (SRD) associated with *Actinobacillus pleuropneumoniae, Pasteurella multocida, Haemophilus parasuis* and *Streptococcus suis*.

Enroflox 100 is administered as a single dose for one day (swine) or for multiple days (cattle) of therapy.

Enroflox 100 is not approved for a one-day, single dose of therapy in cattle.

RESIDUE WARNINGS:
Cattle: Animals intended for human consumption must not be slaughtered within 28 days from the last treatment. This product is not approved for female dairy cattle 20 months of age or older, including dry dairy cows. Use in these cattle may cause drug residues in milk and/or in calves born to these cows. A withdrawal period has not been established for this product in pre-ruminating calves. Do not use in calves to be processed for veal.

Swine: Animals intended for human consumption must not be slaughtered within 5 days of receiving a single-injection dose.

HUMAN WARNINGS: For use in animals only. Keep out of the reach of children. Avoid contact with eyes. In case of contact, immediately flush eyes with copious amounts of water for 15 minutes. In case of dermal contact, wash skin with soap and water. Consult a physician if irritation persists following ocular or dermal exposures. Individuals with a history of hypersensitivity to quinolones should avoid this product. In humans, there is a risk of user photosensitization within a few hours after excessive exposure to quinolones. If excessive accidental exposure occurs, avoid direct sunlight.

PRECAUTIONS:
The effects of enrofloxacin on cattle or swine reproductive performance, pregnancy and lactation have not been adequately determined. The long-term effects on articular joint cartilage have not been determined in pigs above market weight.
Subcutaneous injection can cause a transient local tissue reaction that may result in trim loss of edible tissue at slaughter.
Enroflox 100 contains different excipients than other enrofloxacin products. The safety and efficacy of this formulation in species other than cattle and swine have not been determined.
Quinolone-class drugs should be used with caution in animals with known or suspected Central Nervous System (CNS) disorders. In such animals, quinolones have, in rare instances, been associated with CNS stimulation which may lead to convulsive seizures. Quinolone-class drugs have been shown to produce erosions of cartilage of weight-bearing joints and other signs of arthropathy in immature animals of various species. See Animal Safety section for additional information.

ADVERSE REACTIONS: No adverse reactions were observed during clinical trials.

ANIMAL SAFETY:
In cattle safety studies, clinical signs of depression, incoordination and muscle fasciculation were observed in calves when doses of 15 or 25 mg/kg were administered for 10 to 15 days. Clinical signs of depression, inappetance and incoordination were observed when a dose of 50 mg/kg was administered for 3 days. An injection site study conducted in feeder calves demonstrated that the formulation may induce a transient reaction in the subcutaneous tissue and underlying muscle. In swine safety studies, incidental lameness of short duration was observed in all groups, including the saline-treated controls. Musculoskeletal stiffness was observed following the 15 and 25 mg/kg treatments with clinical signs appearing during the second week of treatment. Clinical signs of lameness improved after treatment ceased and most animals were clinically normal at necropsy. An injection site study conducted in pigs demonstrated that the formulation may induce a transient reaction in the subcutaneous tissue.

Norbrook Laboratories Limited
Newry, BT35 6PU, Co. Down,
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I02 Mar 2013

0614-495-102B

Rank	Company	Plant	Spring 2013 Plant	Spring 2013 Company	Spring 2014 Plant	Spring 2014 Company	Change
1	Smithfield	Tar Heel , NC	34,000		36,500		
	Smithfield, VA	Gwaltney, VA	10,400		10,400		
	Morrell	Sioux Falls, SD	20,500		20,500		
	Farmland	Crete, NE	10,400		10,400		
		Denison, IA	9,400		9,400		
		Monmouth, IL	11,400		11,400		
	Prem. Std.	Milan, MO	10,300		10,300		
		Clinton, NC	10,600	117,000	10,600	119,500	2,500
2	Tyson Foods (IBP)	Waterloo, IA	19,500		19,500		
	Dakota Dunes, SD	Logansport, IN	15,300		15,300		
		Storm Lake, IA	16,500		16,500		
		Col. Junction, IA	9,950		9,950		
		Madison, NE	7,925		7,925		
		Perry, IA	7,750	76,925	7,750	76,925	0
3	Swift	Worthington, MN	20,000		20,000		
	Greeley, CO	Marshalltown, IA	20,000		20,000		
		Louisville, KY	10,000	50,000	10,000	50,000	0
4	Cargill Pork	Beardstown, IL	19,400		19,400		
	Wichita, KS	Ottumwa, IA	18,400	37,800	18,400	37,800	0
5	Hormel	Austin, MN	19,000		19,000		
	Austin, MN	Fremont, NE	10,500		10,500		
	Clougherty	Los Angeles, CA	7,800	37,300	7,300	36,800	-500
6	Triumph Foods	St. Joseph, MO	20,000	20,000	21,000	21,000	1,000
7	Seaboard Farms	Guymon, OK	19,800	19,800	19,800	19,800	0
8	Indiana Packing Co.	Delphi, IN	17,000	17,000	17,000	17,000	0
9	Hatfield Quality Meats	Hatfield, PA	10,400	10,400	10,400	10,400	0
10	Rantoul Foods	Rantoul, IL	4,800	4,800	4,800	4,800	0
11	Sioux-Preme Packing	Sioux Center, IA	4,500	4,500	4,500	4,500	0
12	J.H Routh	Sandusky, OH	4,200	4,200	4,200	4,200	0
13	Johnsonville Sausage	Watertown, WI	**750**		**750**		
		Momence, IL	**1,650**		**1,650**		
		Holton, KS	**1,000**	3,400	**1,000**	**3,400**	0
14	Pine Ridge Farms	Des Moines, IA	**3,200**	**3,200**	**3,200**	**3,200**	0
15	Greenwood Packing	Greenwood, SC	3,000	3,000	3,000	3,000	0
16	Premium Iowa Pork	Hospers, IA	3,000	3,000	3,000	3,000	0
17	Hillshire Brands (Jimmy Dean)*	Newbern, TN	**2,800**	**2,800**	**2,800**	**2,800**	0
18	Pork King Packing	Marengo, IL	**2,000**	**2,000**	**2,200**	**2,200**	200
19	Fisher Ham and Meat*	Spring, TX	1,500		1,500		
		Navasota, TX	500	2,000	500	2,000	0
20	USA Pork Products*	Hazleton, PA	2,000	2,000	2,000	2,000	0
21	Abbyland Foods	Curtiss, WI	**2,000**	**2,000**	**2,000**	**2,000**	0
22	Spectrum Meats	Mount Morris, IL	1,600	1,600	1,600	1,600	0
23	Yosemite Meats	Modesto, CA	1,500	1,500	1,750	1,750	250
24	Dakota Pork, Inc.*	Estherville, IA	1,500	1,500	1,500	1,500	0
25	Leidy's	Souderton, PA	1,300	1,300	1,350	1,350	50
26	Martin's Pork Products*	Falcon, NC	1,300	1,300	1,300	1,300	0
27	Verschoor Meats*	Sioux City, IA	1,200	1,200	1,200	1,200	0
28	Olson Meat Co.*	Orland, CA	1,200	1,200	1,200	1,200	0
29	Vin-Lee-Rom*	Mentone, IN	1,150	1,150	1,150	1,150	0
30	Bob Evans Farms	Xenia, OH	**400**		**500**		
		Hillsdale, MI	**400**		**500**		
		Richardson, TX	**400**	**1,200**	**Closed**	**1,000**	-200
Top 30 Companies				435,075		438,375	3,300
Other tracked companies who responded (5)				2,850		3,150	300
Other tracked companies not confirmed (17)				6,395		6,395	0
Companies that have not been tracked				3,600		3,600	0
Total, All Known Plants				447,920		451,520	3,600

* 2013 data

Hormel Ex. 9-04

EXHIBIT 10

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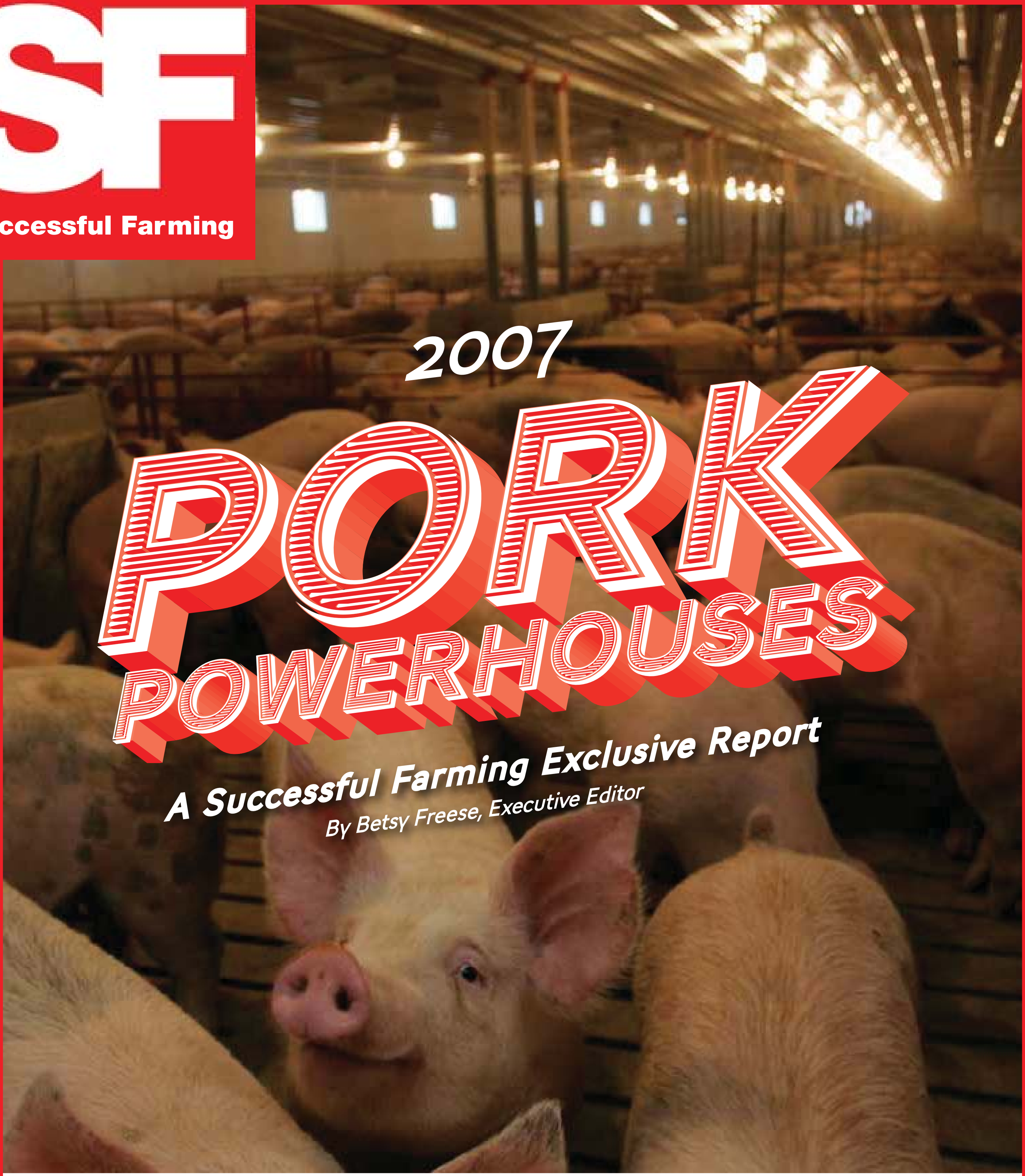
Successful Farming



2007 PORK POWERHOUSES

A Successful Farming Exclusive Report

By Betsy Freese, Executive Editor

Sponsored by:

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Successful Farming

Hormel Ex. 10-01

SF

Top 20 U.S. Pork Powerhouses® 2007

2007 Ranking	Company/Headquarters	# of Sows In 2007	# of Sows In 2006
1	**Smithfield Foods/Smithfield, VA.** 1 million in US, 96,000 in Mexico, 76,000 in Poland, 51,000 in Romania	1,227,000	1,200,115
2	**Triumph Foods/St. Joseph, MO.** Christensen Farms: 188,000 sows; Hanor: 80,000; New Fashion Pork: 51,500; Eichelberger Farms: 25,500 sows)	403,700	399,800
3	**Seaboard Foods/Shawnee Mission, KS.** Seabord markets and sells all products from Triumph Foods.	213,600	213,600
4	**Iowa Select Farms/Iowa Falls, IA.** No plans to expand sow numbers at present time.	150,000	150,000
5	**Prestage Farms/Clinton, NC.** Expanding finishing gin Iowa s more pigs produced in NC and Mississippi.	142,000	140,000
6	**Pipestone System/Pipestone, MN.** Sows owned by independent producers	135,600	130,000
7	**The Maschhoffs/Carlyle, IL.** Owned by Maschhoff family.	115,000	116,000
8	**Cargill** Growth is new construction	107,000	87,000
9	**AMVC Management Services/Audubon, IA.** Growth in new faciliies in North Dakota.	95,000	75,000
10	**Maxwell Foods/Goldsboro, NC.** Growth in Indiana.	85,000	76,000
11	**Tyson Foods/Springdale, AR.** No change in sow numbers since 2004.	70,000	70,000
12	**Hormel Foods/Austin, MN.**	63,000	51,000
13	**Progressive Swine Tech./Columbus, NE.** Finishing all pigs in Nebraska.	55,200	55,200
14	**Nebraska Pork Partners/Columbus, NE.** Will expand if they see opportunities. Not likely in short term.	50,000	45,000
15	**Hatfield Quality Meatst/Hatfield, PA.** Growth is new construction in Indiana.	42,000	36,100
16	**Holden Farms/Northfield, MN.** Independent family operation also in turkeys.	37,000	32,000
17	**Whitesone Farms/Burnsville, MN.** No expansion planned.	35,000	35,000
18	**Texas Farm/Perryton, TX.** Added sows to an existing farm.	34,000	33,500
19	**Coharie Farms/Clinton, NC.** Increase from local independent farmer.	33,000	31,000
20	**Professional Swine Management/Carthage, IL.** Sows managed, not owned. No additional growth planned.	31,600	20,000
	Total: Gain of 128,385 sows in 2007	**3,124,700**	**2,996,315**

Hormel Ex. 10-02

SF

Top 5 Canadian Pork Powerhouses® 2007

2007 Ranking	Company/Headquarters	# of Sows In 2007	# of Sows In 2006
1	**Maple Leaf Agri-Farms/Landmark, Manitoba.** Selling some sow assets in Manitoba to independent barn owners.	72,000	72,000
2	**Hytek/LaBroquerie, Manitoba.** Expects to acquire another 6,000 sows some time this fall.	46,500	41,000
3	**The Puratone Corp/Niverville, MB.** Don't anticipate any further increase in sows next year.	46,500	41,000
4	**Big Sky Farms/Humboldt, SK.** Local slaughter plant shut down in May.	40,000	40,000
5	**Stomp Pork Farms/Leroy, SK.** No plans to expand.	33,500	161,000
	Total Loss of 16,605 sows in 2007	**267,395**	**284,000**

Hormel Ex. 10-03

EXHIBIT 11

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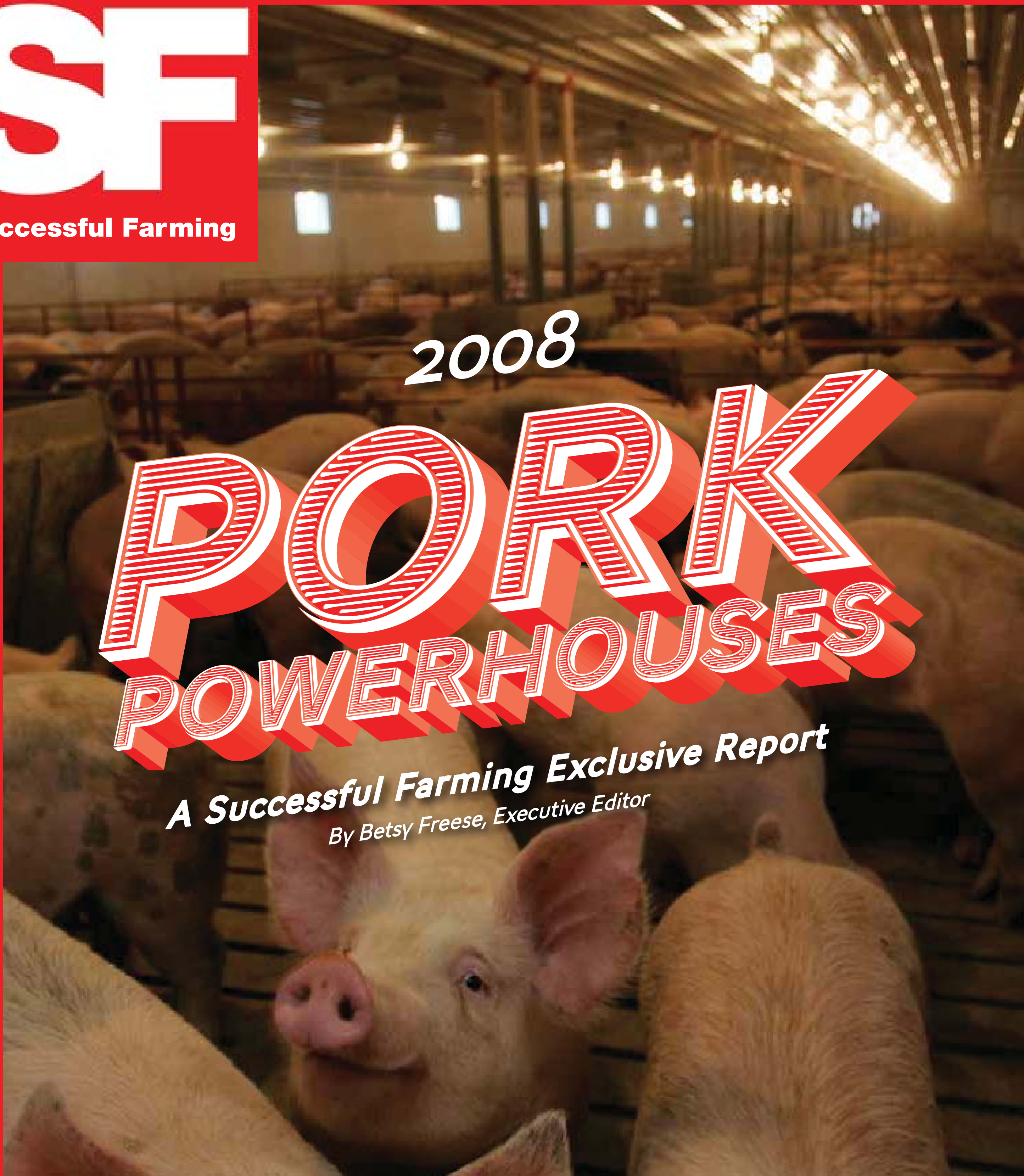
Successful Farming



2008 PORK POWERHOUSES

A Successful Farming Exclusive Report

By Betsy Freese, Executive Editor

Sponsored by:

Boehringer Ingelheim

Successful Farming

SF

Top 20 U.S. Pork Powerhouses® 2008

2008 Ranking	Company/Headquarters	# of Sows In 2008	# of Sows In 2007
1	**Smithfield Foods/Smithfield, VA.** (Plus 100,000 sows in Mexico; 82,000 in Poland; 37,000 in Romania; worldwide: 1,239,000 sows)	1,020,000	1,027,000
2	**Triumph Foods/St. Joseph, MO.** (Christensen Farms: 170,000 sows; Allied Producers' Cooperative: 57,000; The Hanor Company: 80,000; New Fashion Pork: 52,000; Eichelberger Farms: 30,000 sows)	396,000	403,700
3	**Seaboard Foods/Shawnee Mission,** KS. No changes planned.	213,600	213,600
4	**Iowa Select Farms/Iowa Falls, IA.** Bought sow farm from Whitestone Farms.	160,000	150,000
5	**Pipestone System/Pipestone, MN.** Plans to pursue logical growth.	143,600	135,600
6	**Prestage Farms/Clinton, NC.** Building more wean-to-finish barns in Iowa.	140,000	142,000
6	**The Maschhoffs/Carlyle, IL.** Bought Blackjack Pork.	130,000	115,000
8	**Cargill/Minneapolis, MN.** Plans to shrink just a little from normal attrition.	116,000	107,000
9	**Maxwell Foods/Goldsboro, NC.** Growth in Indiana.	87,000	85,000
10	**AMVC Management Services/Audubon, IA.** Closed three older facilities. No expansion planned.	82,000	95,000
11	**Tyson Foods/Springdale, AR.**	70,000	70,000
12	**Progressive Swine Technology/Columbus, NE.** Depopulated a 5,000-sow unit, but repopulating it in September.	55,200	55,200
13	**Hormel Foods/Austin, MN.** Sold sows in California and switched farms to finishing.	54,000	63,000
14	**Nebraska Pork Partners/Columbus, NE.** Plans have not changed.	50,000	50,000
15	**Country View Family Farms/Hatfield, PA.** Not planning any changes, just re-allignment of some exisiting operations.	43,700	42,000
16	**Wakefield Pork/Gaylord, MN.**	41,000	41,000
17	**Holden Farms/Northfield, MN**. Rebuilding one sow farm damaged by fire.	40,000	37,000
18	**Texas Farm/Perryton, TX.** Converted finishing units to sow production.	39,000	34,000
19	**TriOak Foods/Oakville, IA.** Some farms affected by Iowa floods.	35,000	30,300
20	**Coharie Farms/Clinton, NC.** Closed some inefficient farms.	31,700	33,000
	Total: Gain of 18,400 sows in 2008	**2,947,800**	**2,929,400**

Hormel Ex. 11-02

EXHIBIT 12

PORK POWERHOUSES 2009: BIG BOYS CUT BACK

By Betsy Freese
9/14/2009

For the first time since the annual Pork Powerhouses® ranking was launched in 1994, the nation's largest 25 producers have cut sow numbers. These companies report 200,000 fewer sows than one year ago, a drop of 6.4%. Only two firms increased sows from last year, Country View Family Farms (Hatfield) and Texas Farm. Fifteen firms reduced sow numbers, including the largest two, Smithfield Foods and Triumph Foods.

Red ink is flowing, cash is hard to get, and cuts are being made. Prestage Farms, Clinton, North Carolina, will cull 10% of its sows across all farms by December, bringing the company's total to 125,000 sows, says owner Bill Prestage. "When we cull we won't replace. This is worse than 1998 because it's lasted longer. The big thing that killed us is ethanol. H1N1 hasn't helped, either."

In Canada, the cuts started a couple of years ago. Don Janzen at Hytek in Manitoba says Canadian producers have liquidated 12-15% of the sow herd in the past two years. "The goal is to get rid of another 125,000 sows or 2.5 million pigs per year," says Janzen. "Canada used to produce 33 million pigs a year and by next year we will be down to 28.5 million. We've done our cuts, now it's up to the Americans."

Download the 2009 Pork Powerhouses list

Many of the largest producers report that sow cuts don't translate to market hog numbers dropping. In fact, small cuts may actually do the opposite. "If you cut 4% or less you go up in pigs produced," says Bob Christensen of Christensen Farms in Sleepy Eye, Minnesota, part of the Triumph Foods system. "You're not crowding the system and people are able to do their jobs better. You have to cut 6.5% of your sows to see a real decrease in pigs produced."

Jimmy Pollack at J.C. Howard Farms, Deep Run, North Carolina agrees. "When we were maximizing the number of pigs coming out of sow farms we had to juggle nurseries and finishers. Now we don't have to do as much juggling."

Sow productivity is at an all-time high for most of the largest companies, with many farms averaging 24-26 pigs weaned per sow each year. "That's world-class performance," says industry consultant Randy Stoecker. "People are weaning more than 11 pigs per sow and seeing less than 3% mortality from wean to finish. They cut back sows, but the output of pigs does not go down. We are strangling ourselves with production."

Most producers say the H1N1 "swine" flu virus is a big problem for the industry, bigger than was originally acknowledged last spring. "Turn on your television or open most magazines, and you hear or read something negative about meat production or consumption," says Prestage.

Export markets are a major worry for these companies. "We are very dependent on Mexico buying a large volume of our pork, and their economy has its problems," says Stoecker. "I think hope, when it comes to exports, may be a factor in the slow rate of cut back in sows."

What will the next year bring? Many of the Pork Powerhouses predict negative cash flow for another six to nine months. Taking 200,000 sows out of production isn't going to be enough, they say. The industry needs to cut half a million. "Let some of these farms go dark, get the sows out of production, then if things turn around we can start up fresh," says Stoecker.

Read more about Pork Powerhouses or Hogs

Hormel Ex. 12-03

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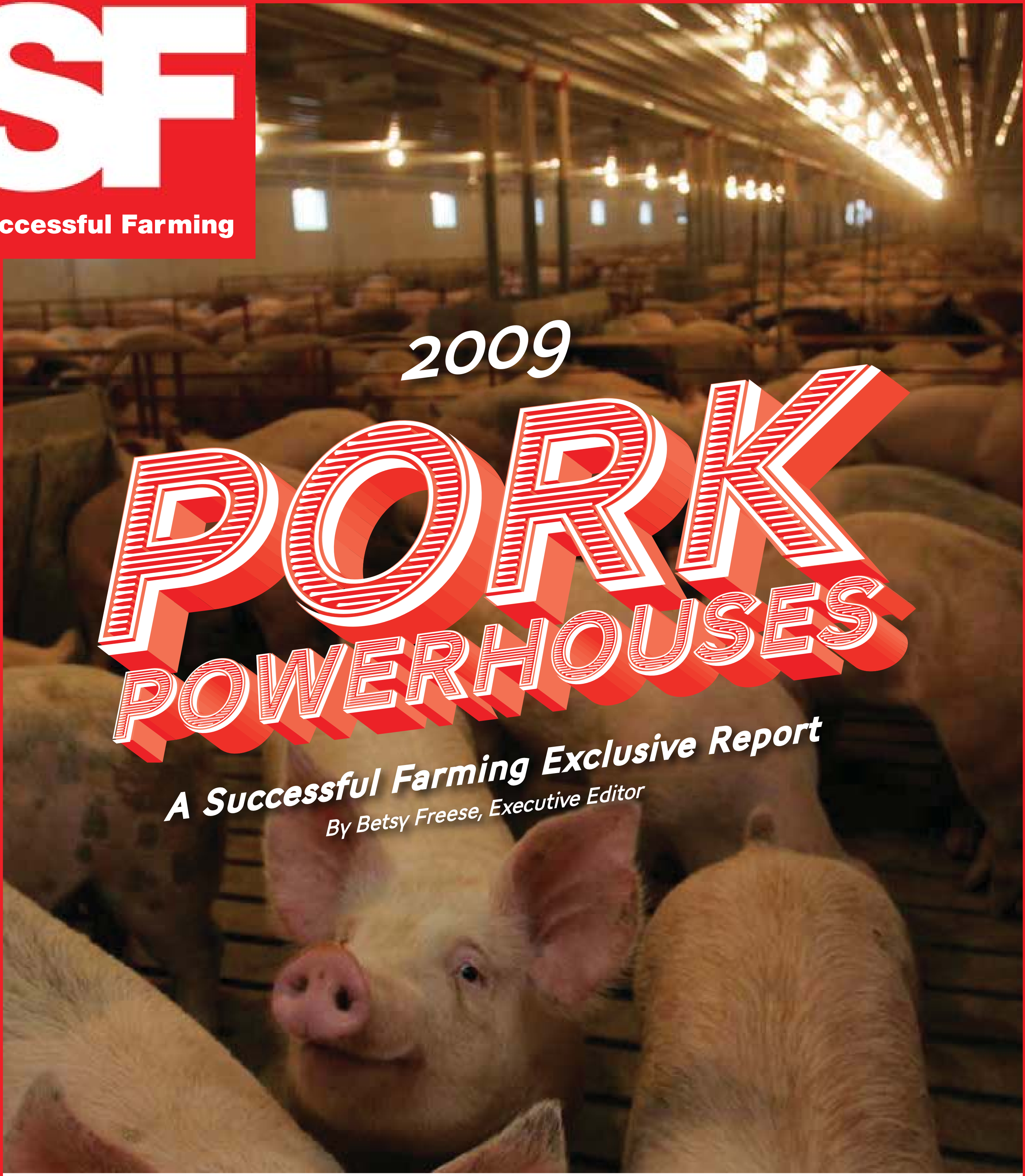

2009 PORK POWERHOUSES

A Successful Farming Exclusive Report

By Betsy Freese, Executive Editor

Sponsored by:

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Successful Farming

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Top 25 U.S. Pork Powerhouses® 2009

2009 Ranking	Company/Headquarters	# of Sows In 2009	# of Sows In 2008
1	**Smithfield Foods/Smithfield, VA.** Plus 97,868 sows in Mexico, 76,955 in Poland, and 47,091 in Romania. Worldwide total: 1,144,165 sows.	922,251	1,020,000
2	**Triumph Foods/St. Joseph, MO.** Christensen: 162,500 (down 14,500), Hanor: 80,000 (no change), New Fashion Pork: 48,000 (down 4,000), Eichelberger: 25,000 (down 5,000), Allied Producers' Co-op: 56,000 (down 1,000).	371,500	396,000
3	**Seaboard Foods/Shawnee Mission, KS.** No plans for any changes at this time.	213,600	213,600
4	**Iowa Select Farms/Iowa Falls, IA.** Closing a multiplier and a commercial farm.	152,500	160,000
5	**The Pipestone System/Pipestone, MN.** Using a combination of strategies to cut production.	132,000	143,600
6	**The Maschhoffs/Carlyle, IL.** Broke ground in August on feed mill in Griggsville, IL.	130,000	130,000
6	**Prestage Farms/Clinton, NC.** Cutting back 10% of sows on all farms.	125,000	140,000
8	**Cargill/Minneapolis, MN.** No changes planned.	116,000	116,000
9	**The Carthage System/Carthage, IL.** More than 250 families involved in the system.	85,000	90,250
10	**AVMC Management Services/Audubon, IA.** Closed two farms.	77,000	82,000
11	**Maxwell Foods/Goldsboro, NC.** An additional 14,000 sows at Maxwell Farms of Indiana.	69,000	73,000
12	**Hormel Foods/Austin, MN.**	54,000	54,000
13	**Progressive Swine Technology/Columbus, NE.** Will hold at this level for a while.	53,200	55,200
14	**Tyson Foods/Springdale, AR.** Sold five farms and sent sows to slaughter.	52,000	70,000
15	**Country View Family Farms/Hatfield, PA.** Added sows on one farm in PA.	46,500	43,700
16	**Nebraska Pork Partners/Columbus, NE.** Liquidated 11% of herd and reduced slaughter weights by 22 lbs.	44,500	50,000
16	**Wakefield Pork/Gaylord, MN.**	40,500	41,000
18	**Holden Farms/Northfield, MN.**	40,000	40,000
19	**Texas Farm/Perryton, TX.**	40,000	39,000
20	**TriOak Foods/Oakville, IA.**	35,000	35,000
21	**Schwartz Farms/Sleepy Eye, MN.**	30,000	30,000
22	**Coharie Farms/Clinton, NC.** Will probably take a few more sows out.	29,000	31,700
23	**M2P2/Ames, IA.** Closing one older farm and reconfiguring others.	27,600	30,000
24	**Swine Graphics Enterprises/Webster City, IA.**	24,100	24,100
25	**Coastal Plains Pork/Harrells, NC.**	24,000	27,000
	Total: Loss of 200,899 sows in 2009	**2,934,251**	**3,135,150**

A Successful Farming Exclusive Report

Hormel Ex. 12-05

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Top 5 Canadian Pork Powerhouses® 2009

2009 Ranking	Company/Headquarters	# of Sows In 2009	# of Sows In 200
1	**Hytek/LaBroquerie, MB.** Emptied one older sow farm.	58,000	60,000
2	**Big Sky Farms/Humboldt, SK.** Closed a few small farms and cut out sow inventories at others.	42,000	47,800
3	**Maple Leaf Agri-Farms/Landmark, MB.** Sold swine genetics operation.	35,000	44,000
4	**The Puratone Corporation/Niverville, MB.** Bulk of reduction is contract production hat has been terminated.	28,000	40,000
5	**Sunterra Farms/LeRoy,SK.** 80% of the pigs are finished in the U.S., but Sunterra retains ownership.	13,000	13,000
	Total Loss of 28,800 sows in 2009	**176,000**	**204,800**

EXHIBIT 13

PORK POWERHOUSES 2014: RECORD PROFITS TRIGGER EXPANSION

By Betsy Freese
10/30/2014

Hormel Ex. 13-01

Hogs made history this summer. Pork producer profits were, quite simply, enormous -- averaging $82 profit for each hog marketed in the third quarter. “I’ve never seen anything like it,” says Chris Hurt, agricultural economist at Purdue University. “Producers are paying down debt and banks are smiling ear to ear.”

Right: (Pregnant sows are housed in pens rather than crates at this Smithfield Foods farm in North Carolina.)

Unfortunately, the big reason hog supplies are tight is the single biggest topic of concern and interest for producers. Porcine epidemic diarrhea virus (PEDV) has hammered the industry. Cooler

Big questions loom. Will producers try to compensate for a disease outbreak this winter and 5% death loss in baby pigs by farrowing more sows? What if the virus sleeps all winter?

“There is a lot of uncertainty, and uncertainty usually causes people to be cautious,” says Hurt. “But these are entrepreneurs and they grab ahold and go. They could over-farrow.”

• **Download the 2014 Pork Powerhouses chart**

GROWTH OF 3% OVER LAST YEAR

Sow numbers collected in the 2014 Pork Powerhouses ranking of the largest 25 U.S. producers, published annually by Successful Farming and now in its 20th year, show that expansion of the sow herd is fairly consistent with USDA reports.

About 3.3 million sows are owned or managed by the largest 25 pork producers in the U.S. (download the Pork Powerhouses 2014 ranking below). That’s approximately a 3% gain over one year ago.

Three-quarters of these largest pork companies, 19 of 25, added sows in 2014. They did this by purchasing existing farms, building new sow farms, increasing the sow density in existing farms, or revamping sow farms that had been sitting empty. All in all, 70,000 of the added sows, or 52%, were new to the industry.

TOP OF THE RANKING

Hormel Ex. 13-03

problematic" if the industry expands too fast.

The company was hit hard with PEDV. In North Carolina, the disease broke in long, continuous waves last winter and spring. "That was very stressful for our employees," says Szaloky. In Missouri, the virus hit 65,000 sows in 10 days. In Utah, the disease broke for the first time last month.

For growers with finishing barns, there was more down time over the summer thanks to PEDV. Some got fewer pigs than normal and some went 30 days without pigs (they still got paid). The upside to the disease: Sow farms are as clean as many homes today.

Producers anticipate losses from PEDV will not be as high this fall and winter because of immunity in the sow herd. There are two vaccines available, and producers who have used them say they are partially effective at helping chronic farms boost immunity to get a farm over the edge and clean up. The vaccines don't prevent a break, say farmers, but will help a chronic farm get over the edge.

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"I'm fearing what cooler temps might bring," says Zack McCullen at Prestage Farms in Clinton, North Carolina. "We have all our people on high alert. If we have breaks or re-breaks, I'm hopeful it won't be as bad because about 90% of the sow herd in North Carolina has had it."

What are the first signs of trouble? Sows go off feed, says McCullen. Within hours, they are throwing up. "After that it's a time bomb. Little pigs get diarrhea and die." You have to be extremely clean to break the virus cycle, he says. "PED moves so fast and is so devastating, I'd just as soon not deal with that again."

Jimmy Pollock at J.C. Howard Farms in Deep Run, North Carolina, doesn't want a second hit of PEDV this winter. He's heightened biosecurity and added dedicated trailers for each farm. He also enforces no farm visitors and has extended the isolation time for gilts. "It doesn't take but a small amount of the virus to cause an explosion," says Pollock. "Is it coming from wildlife, birds, air, wind -- who knows? It's a little bit of a mystery."

In Guymon, Oklahoma, Mike Brandherm at Hitch says they had a milder version of the disease, but "it took most of winter to push it out the door." He's wondering if the sow immunity will hold on. "We'll cross our fingers this winter that biosecurity is tight and immunity holds up. Once the virus gets in it goes everywhere fast. We are focused on firewalls in between farms. Getting it in one farm is bad. Getting it in five is a wreck."

• **Download the 2014 Pork Powerhouses chart**

WEIGHTS CLIMB

The PED virus trimmed supply, but higher market weights helped compensate. Hog counts are down 5% so far this year due to disease, says Hurt, but live weights are up 3%, so pork supply is only down about 2%. Pork producers lost pigs, but gained more capacity in finishing buildings, so they kept pigs on feed longer, added more weight.

Packers got a taste of really big hogs and they really liked them. Many of the largest farms averaged 295 pounds market weights, which means there were a lot of hogs over 300 pounds. Finishing barns had fewer pigs due to disease, so pigs got heavier. Improved genetics allows the pigs to stay lean. Some companies are building new finishing barns to raise weights -- not add pigs, just bump weight up.

GROUP HOUSING

Group housing continues to be an issue for the Pork Powerhouses. Some retailers have promised to only sell pork from farms using group housing by 2017. Smithfield and Cargill will have made the conversion by then. Hormel and Hatfield have also announced plans to switch to group housing in future years, but many large producers are fighting the conversion, or at least silent on the issue.

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Converting to group sow housing gave Smithfield a chance to revamp and recapitalize old farms in North Carolina. Tearing out old equipment and putting in brand new was money that was going to have to be spent anyway.

The question now is what are companies going to do with piles of cash? Plow it back into the business? The economics of the business means it's ripe for expansion, says Hurt.

Corn and soybean meal, the basis of the pig diet, are in a low price parade. There are no shortages of grain in the world, says Hurt. "We are now in the Animal Era of 2014 to 2017. The Grain Era was 2006 to 2013. With $4 corn you can produce more meat and have moderate consumer prices."

He projects hog profits in the 4th quarter of 2014 to be $62 per head. The first and second quarters of 2015 will average $48. His third quarter projection is $32.

The PED virus is the wild card. "If producers overbreed to compensate for 6% death loss and don't have it, we'll have 6% more pigs," says Hurt.

• **Download the 2014 Pork Powerhouses chart**

Read more about Pork Powerhouses or Hogs

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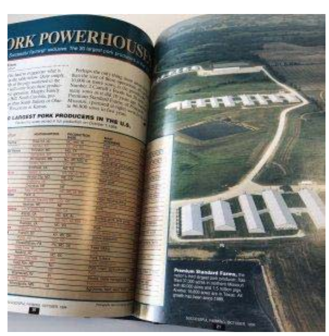

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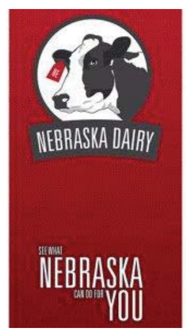

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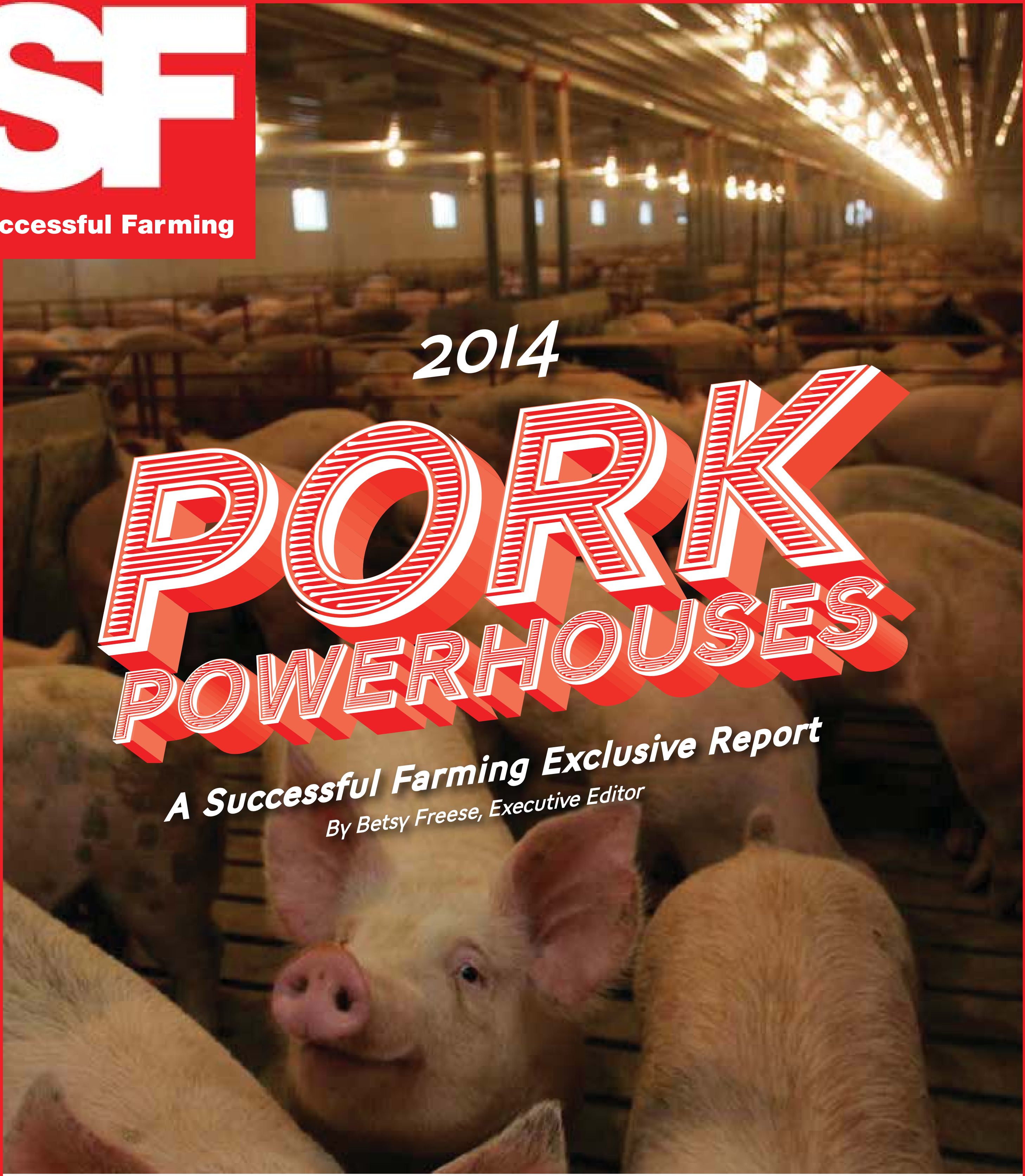

2014 PORK POWERHOUSES

A Successful Farming Exclusive Report

By Betsy Freese, Executive Editor

Sponsored by:

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Successful Farming

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Top 25 U.S. Pork Powerhouses® 2014

2014 Ranking	Company/Headquarters	# of Sows In 2014	# of Sows In 2013
1	Smithfield Foods/WH Group/Smithfield, VA (also 98,000 sows in Mexico; 81,000 in Poland; 45,000 in Romania; worldwide total: 1,111,000 sows)	887,000	868,000
2	Triumph Foods/St. Joseph, MO (includes Christensen Farms:175,000 sows; Hanor: 82,500; Allied Producers' Cooperative: 60,500; New Fashion Pork: 52,000; and Eichelberger Farms: 37,500 sows)	407,500	381,500
3	The Maschhoffs/Carlyle, IL (acquired two sow farms from JBS United in Indiana)	218,000	208,000
4	Seaboard Foods/Shawnee Mission, KS	217,000	217,000
5	Pipestone System/Pipestone, MN	170,000	160,000
5	Prestage Farms/Clinton, NC	170,000	170,000
7	Iowa Select Farms/Iowa Falls, IA	165,000	160,000
8	Cargill/Minneapolis, MN	161,000	155,000
9	AMVC Management Services/Audubon, IA	110,000	100,000
10	Carthage System/Carthage, IL	105,000	104,500
11	Maxwell Foods/Goldsboro, NC	97,000	90,000
12	Tyson Foods/Springdale, AR	62,000	60,000
13	Country View Family Farms/Hatfield, PA	55,000	51,500
14	Holden Farms/Northfield, MN	55,000	48,000
15	Pillen Family Farms/Columbus, NE	55,000	52,500
16	TriOak Foods/Oakville, IA	55,000	54,000
17	Hormel Foods/Austin, MN	54,000	54,000
18	Wakefield Pork/Gaylord, MN	47,000	45,300
19	Great Plains Management/Creston, IL	41,500	28,000
20	Texas Farm/Perryton, TX	35,000	32,900
21	Schwartz Farms/Sleepy Eye, MN	32,500	32,500
22	Protein Sources/Mapleton, MN	30,000	30,000
22	Wilke Farms/Leigh, NE	30,000	30,000
24	Tosh Farms/Henry, TN	27,000	21,400
25	Suidae HP/Algona, IA (sows managed, not owned)	26,000	25,750
	Total Gain of 132,650 sows in 2014	3,312,500	3,179,850

Hormel Ex. 13-11

SF

Top 5 Canadian Pork Powerhouses® 2014

2014 Ranking	Company/Headquarters	# of Sows In 2014	# of Sows In 2013
1	HyLife/LaBroquerie, Manitoba	72,000	60,000
2	Maple Leaf Agri-Farms/Landmark, Manitoba	67,000	63,000
3	Olymel/Saint-Hyacinthe, Quebec	41,000	41,500
4	ProVista Agriculture/Steinbach, Manitoba	40,000	25,000
5	The Progressive Group/Niverville, Manitoba	33,500	33,500
	Total Gain of 30,500 sows in 2014	**253,500**	**223,000**

Other Large U.S. Producers

Company/Headquarters	# of Sows in 2014
TDM Farms/Newton Grove, NC. No change from 2013	25,500
Swine Graphics Enterprises/Webster City, IA. Down from 25,000 last year	24,543
Hord Livestock Company/Bucyrus, OH. Up from 18,000	24,000
Cooper Farms/Oakwood, OH. Up from 20,000	24,000
Brenneman Pork/Washington, IA. Up from 14,700	22,700
Fine Swine Wind/Hilliard, OH. Down from 26,000	22,000
Garland Farm Supply/Garland, NC. No change	22,000
Kalmbach Feeds/Upper Sandusky, OH. Up from 19,950	22,000
Reicks View Farms/Lawler, IA. No change	18,500
J.C. Howard Farms/Deep Run, NC. No change	18,000
Hitch Pork Producers/Guymon, OK. Up from 14,000	16,000

EXHIBIT 14

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Case No. 18-cv-01776-JRT-HB

In re Pork Antitrust Litigation
This Document Relates To:

All Actions

DEFENDANTS HORMEL FOODS CORPORATION AND HORMEL FOODS, LLC'S RULE 26(a)(1)(A) INITIAL DISCLOSURES

Pursuant to Rule 26(a)(1)(A) of the Federal Rules of Civil Procedure, Defendants Hormel Foods Corporation and Hormel Foods, LLC (unless separately identified, collectively "Hormel Foods") make the following Initial Disclosures:

PRELIMINARY STATEMENT

These Initial Disclosures are based on information reasonably available to Hormel Foods at this time. They have been prepared prior to the Court's ruling on the Defendants' motions to dismiss, and prior to the completion of Hormel Foods' investigation, discovery, and preparation for trial. Hormel Foods reserves the right to make supplemental and subsequent disclosures—or otherwise make changes if it appears that omissions or errors have been made—as information becomes available in the course of discovery and further investigation. Hormel Foods also reserves its right to rely upon and introduce into evidence at trial or any pre-trial proceeding any such additional information. Hormel Foods further reserves the right to introduce any documents and call any witnesses not provided in this statement at trial, should a trial of this matter be necessary.

These Initial Disclosures are for the purpose of discovery only, and are not an admission or acceptance that any disclosure, fact, or document is relevant or admissible into evidence. Hormel Foods does not waive—and expressly reserves—without limitation, any evidentiary objections based upon relevance, materiality, competence, privilege, trade secret, or the appropriate scope of discovery on any other grounds.

INITIAL DISCLOSURES

(i) The name and, if known, the address and telephone number of each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment.

Each of the below-listed Hormel Foods Corporation[1] personnel may be contacted only through undersigned counsel for Hormel Foods. In addition to the below-listed individuals, Hormel Foods reserves the right to rely upon the testimony of additional persons who may be identified in the course of further discovery—including, but not limited to, experts, Plaintiffs, Defendants, and individuals listed in other parties' Rule 26 disclosures.

[1] Hormel Foods is not aware of any persons with knowledge of any discoverable information within Defendant Hormel Foods, LLC relating to the claims in this litigation. That entity holds the intellectual property of Hormel Foods and has no operations relevant to this litigation.

Name (Title)	Subjects of Information
Paul Bogle (Director, Cost Accounting)	▪ Hormel Foods' cost accounting for pork products; ▪ Agri Stats materials regarding pork production and pork processing; and ▪ Provision of select Hormel Foods' data to Agri Stats.
Corwyn Bollum (Director, Pork Operations and Procurement)	▪ Hormel Foods' sales of hogs and pork procurement; ▪ Agri Stats' materials regarding pork production and pork processing; ▪ Interactions with Agri Stats regarding pork production; and ▪ Hormel Foods' decision to terminate Agri Stats' services in 2017.
Jessica Chenoweth (Cost Analyst)	▪ Hormel Foods' cost accounting for pork products; ▪ Interactions with Agri Stats regarding pork production; and ▪ Compilation and provision of select Hormel Foods' data to Agri Stats.
Lance Hoefflin (Manager, Pork Operations)	▪ Hormel Foods' pork-processing plants, costing, and project improvements; ▪ Hormel Foods interactions with Agri Stats regarding pork processing; and ▪ Hormel Foods' decision to terminate Agri Stats' services in 2017.
Paul Peil (Director of Sales, Fresh Meat)	▪ Hormel Foods' pricing and sales of fresh-pork products; ▪ Agri Stats' efforts to solicit Hormel Foods as a customer for its services regarding sales of pork products; and ▪ Hormel Foods' declension of Agri Stats' services regarding sales of pork products.
Jose Rojas (Vice President, Farm Operations (2012-17))	▪ Hormel Foods' production and sales of hogs; ▪ Hormel Foods' only remaining farm operation, located in Las Animas, Colorado (Mountain View), and farm operations in California, Arizona, and Wyoming, which were sold in 2016; and ▪ Agri Stats' materials regarding pork production.

Hormel Ex. 14-03

Name (Title)	Subjects of Information
Donald Temperley (Vice President, Operations-Refrigerated Foods)	▪ Hormel Foods' strategic planning; ▪ Hormel Foods' plant operations; ▪ Agri Stats' materials regarding pork processing; and ▪ Hormel Foods' decision to terminate Agri Stats' services in 2017.

(ii) A copy—or a description by category and location—of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

Based on presently available information, Hormel Foods may use the following categories of documents, electronically stored information, and tangible things in its possession, custody, or control to support its claims or defenses: (1) Hormel Foods' interaction and communications with Agri Stats regarding pork production and pork processing, including Hormel Foods' declension of Agri Stats' services regarding sales of pork products, (2) Hormel Foods' production of hogs, (3) Hormel Foods' procurement of hogs and the cost of procurement, (4) Hormel Foods' cost of manufacture of pork products, and (5) Hormel Foods' sales of pork products. All of the above documents and/or records are located and/or are being maintained at Hormel Foods' headquarters, 1 Hormel Place, Austin, Minnesota 55912.

Defendants agreed to provide readily available corporate organization charts by December 3, 2018. Because Hormel Foods does not regularly maintain corporate organization charts, it is providing herewith lists of all salaried employees in its Central Office, and others involved in the production and procurement of hogs, the processing of pork (other than plant-level personnel), and the pricing and sale of

pork products, annually for the years from 2009 to 2018.[2] (*See* HFC-PORKAT-0000001 to -0000199) While overinclusive, these lists are reasonably calculated to cover all persons with managerial roles in Hormel Foods' pork procurement; pork processing (outside of plant-level personnel); and pricing of pork products for sale to customers.

(iii) A computation of each category of damages claimed by the disclosing party—who must also make available for inspection and copying as under Rule 34 the documents or other evidentiary material, unless privileged or protected from disclosure, on which each computation is based, including materials bearing on the nature and extent of injuries suffered.

Hormel Foods has not asserted a claim for damages against Plaintiffs, but reserves the right to seek attorneys' fees and costs associated with defending this action. As these costs are ongoing, no computation can be established at this time.

(iv) For inspection and copying as under Rule 34, any insurance agreement under which an insurance business may be liable to satisfy all or part of a possible judgment in the action or to indemnify or reimburse for payments made to satisfy the judgment.

None identified at this time.

[2] Please note that Hormel Foods completed the sale of its Fremont, Nebraska pork processing plant on December 3, 2018.

Dated: December 3, 2018

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